

# **The Private Industry Council and The American Economy**

An Orientation Handbook for Members of  
Private Industry Councils

The National Commission for Employment Policy

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# **Preface**

by

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## **The American Economy and . . .**

The economy, without question, defines these times. In 1992, it was the dominant and determinative issue of the presidential campaign. Once equally evocative and partisan issues — crime, foreign policy, and reproductive freedom — all seemed to fade in the face of public concern over the recession. In the end, what propelled one candidate into the Oval Office and the other into retirement, was their different views on the current and future course of a changing economy.

From market globalization to the advent of new and rapidly advancing technologies, the nation is confronted with how best to meet the challenges of economic change. While it is common to paint a picture of the economic landscape with bold strokes, the health of the economy is not solely determined by the broad driving powers of government and industry. American economic well-being is also a product of participatory efforts at the local level. Access to capital and technology, political stability, and the ability to create and distribute wealth contribute to economic growth. However, the American worker also plays a critical role in the quest for national prosperity. This is particularly true at a time when the economy demands a more flexible and highly skilled labor force able to respond to and keep pace with such phenomena as technological progress and structural change.

When the disadvantaged, the chronically unemployed, the uneducated, and those without access to job training, are unable to participate in a progressively modern economy, they suffer — but the economy suffers as well. Employers are unlikely to locate or thrive in communities where the unskilled reside and whole communities deteriorate because unemployment and low wages erode the tax base and services for all.

## **. . . the Private Industry Council**

Private Industry Councils (PICs) play a critical role in the development of the American worker. And now that the Clinton administration has proposed sweeping reforms of the Employment Service system to meet the needs of the workforce, it is conceivable that even more of the burden for human resource development will fall on local bodies like Private Industry Councils.

First created by legislative mandate in 1978, PICs augment private sector participation in federal job training programs. In 1982, PICs became the principal local governing agent of federal job training programs established under the Job Training Partnership Act. Since over 80 percent of all jobs exist in the private sector, policymakers sensibly sought the inclusion of private employers in a training process

intended primarily to meet their labor needs. While the law requires that the majority of volunteers on PIC boards consist of private employers, a broad spectrum of community members, including labor, education, welfare, community, and economic development organizations, are represented.

In accordance with the dictates of JTPA, Private Industry Councils design workforce policies and objectives, afford direction and insight into the requirements of local labor markets, and make suggestions about how best to satisfy the needs of community employers. As it stands, programs funded by the Job Training Partnership Act serve over one million low-income and unemployed people annually, placing 750,000 participants in permanent jobs and an additional half-million young people in summer jobs. PICs also enforce compliance with JTPA standards.

PIC members, therefore, are endowed with a great deal of responsibility for JTPA training operations, including understanding the laws governing programs funded under JTPA, the development of program priorities and program evaluation, as well as fiscal oversight.

This guide, which was financed and developed by the National Commission for Employment Policy (NCEP) and the National Association of Private Industry Councils (NAPIC), is intended to educate PIC members about their potential and role in the creation of a qualified workforce and, consequently, a strong economy.

I would like to thank everyone involved in this project, including Garrison J. Moore, who served as the primary author of this handbook, as well as Robert Ainsworth of the NCEP and Lorrel Humber of NAPIC, both of whom supplied invaluable editorial assistance. I also thank NAPIC President Robert Knight, who directed the project, Elayna Monts, who helped produce the report, and Kay Drake Jones of the National Alliance of Business, who aided with research.

The National Commission for Employment Policy, an independent federal agency charged with advising the President and Congress on a broad array of employment and training issues, is staffed with a number of experts on local training issues, including the development and operation of Private Industry Councils. We hope that this guide serves its public well, because the PIC volunteer is more than just a steward of a government training program. The larger challenge is to build the human resource base for the local economy, to integrate and coordinate the diverse education, recruitment, hiring, training, and retraining efforts of institutions, employers, and individuals in your community.

# Introduction

## How To Use This Handbook

This handbook was prepared by the National Commission for Employment Policy and the National Association of Private Industry Councils to provide Private Industry Council members with clear information, in an easy-to-use format, on how to perform their duties effectively. The handbook is designed to be used in conjunction with Private Industry Council new member orientation training.

Two companion publications, *A Trainer's Guide to Private Industry Council Member Orientation*, based on this handbook, and *A Guide to Major Federal Job Training Programs*, are available to assist trainers in conducting orientation for new PIC members. Other publications available from NAPIC and useful in the orientation of new members include *PICs as Strong Boards of Directors: Developing the Governance Capability of Private Industry Councils* and *An Expanded Role for PICs: Building a Workforce Investment System*. Additional useful source materials are listed in the bibliography at the back of this handbook.

## Organization of the Handbook

The authors of this handbook have organized it, first, to give new PIC members a general overview of their duties, and then to provide specific information needed to carry out those responsibilities.

The first chapter, **What's a PIC To Do?**, deals with the general history and functions of Private Industry Councils along with some tips on getting started as a council member.

The second chapter, **The Big Picture: Workforce Investment and the American Economy**, discusses the economic context in which the PIC operates. It discusses relevant economic, human capital, and training theory and provides an introduction to labor market terms. The relation among education, training, and economic development and the special needs of various groups (minorities, dislocated workers, youth, etc.) are discussed in this chapter as well.

The third chapter, **Working Smarter: The Education and Training System in the United States**, provides a history of this country's education and training programs; an overview of the job training system at the federal, state, and local levels; and a general description of various job training laws and programs.

Chapter Four, **Nuts and Bolts: Administering the Job Training Partnership Act**, reviews allowable activities, the delivery of services, contracting, and performance goals under JTPA. Coordination and collaboration between JTPA and other programs and agencies are covered here as well.

The final chapter, **Becoming an Effective PIC Member**, provides a general review of PIC responsibilities and practical guidance to new PIC members. This chapter covers the PIC role (partnership with local government, board role, broad labor market functions) and duties (oversight,

strategic planning, priority setting, coordination). It discusses the crucial importance of working with PIC staff, service providers, and employers, as well as the special contributions individual PIC members can bring to the table. Special sections cover avoiding problems in the contract review process and techniques for enhancing the quality of PIC meetings.



## ***Chapter One***

# **What's a PIC To Do?**

## **Why Private Industry Councils?**

No nation can prosper over the long run without an educated and trained workforce. While natural resources, fertile land, enlightened economic policies, and other factors contribute to the health of an economy, the strength of the economy depends to a great extent on the quality of the workforce.

Yet the American education and training system often lacks focus when it comes to workforce development and to serving the needs of those who require education and training services most. Private Industry Councils were established throughout the United States to bring focus to these workforce development issues.

## **What Are Private Industry Councils?**

Private Industry Councils are locally organized, privately led boards set up in formal partnership with local elected officials to:

1. Promote the development of a coherent workforce investment system through the funding and coordination of local efforts to educate, train, and place individuals in permanent, unsubsidized employment.
2. Establish policies for the effective and accountable expenditure of Job Training Partnership Act funds in coordination with other local education and training activities.
3. Promote economic conditions necessary to support the creation of new employment.

## **Origins**

Private Industry Councils were first created as an experimental program under the Private Sector Initiative Program in 1978 to increase private sector involvement in federal job training programs and became the chief governing agent of those programs under the Job Training Partnership Act of 1982.

Later legislation relating to the training and placement of welfare recipients, federal funding of vocational education, and programs for dislocated workers provided additional oversight responsibilities for the PICs. Although JTPA was significantly amended in 1992, the role of the PICs was not greatly affected.

## **PIC Membership**

By law, private employers must comprise a majority of each Private Industry Council and the PIC chair is always a representative of the private sector. Private sector members are chosen from a slate of nominees recommended by local business organizations such as the Chamber of Commerce. Local elected officials appoint new council members, usually in consultation with the PIC, from a geographic service delivery area (SDA) designated by the governor. To meet the legal requirements a PIC must have at least 16 members. There is no upper limit on the size of the PIC as long as the proportions and representation are consistent. The typical PIC, however, has 25 to 30 members.

## PIC Functions and Duties

The primary function of the PIC is that of an active and strong board of directors. The PIC brings together employers, educators, labor representatives, and program administrators to:

1. Provide guidance and insight into the needs of the labor market and the skills required for successful employment in the local economy.
2. Develop policies and measurable goals for workforce development efforts in coordination with others concerned with education and training.
3. Provide independent oversight and ensure accountability in the expenditure of funds consistent with the appropriate laws and established policies.

It is the duty of PIC members to be conscientious in understanding the legislative requirements of programs funded, to develop program priorities, to establish open and accountable contracting policies and procedures, to be kept regularly informed on staff monitoring and evaluation of programs, and to ensure that adequate fiscal controls and reporting procedures are in place.

*In carrying out these duties, the PIC is establishing policies to be implemented by others. The role of the board is to delegate management and to keep focused on the long-term goals. If policies are clear, consistent, and fair, the PIC should not have to spend a large part of its time deciding who gets funded, resolving disputes between staff and contractors, or making personnel decisions.*

## The Service Delivery System

The PIC exercises its responsibilities in a geographic **service delivery area** (SDA) composed of a city, county, or any combination of cities and counties, determined by the governor of each state according to guidelines in the Job Training Partnership Act.

Ideally, the SDA coincides with a single labor market area, but many SDAs, especially in sparsely populated rural areas, cover much larger areas. In some large metropolitan areas, several SDAs share the same broad labor market area because cities or counties with more than 200,000 people have the right to be automatically designated as SDAs. The size, population density, and economic characteristics of the SDA will present the PIC with unique challenges and opportunities. The fact that the service delivery areas often do not coincide with the jurisdictions of other employment-related

programs (such as school and community college districts) may also present challenges to coordination among local education and training-related activities.

## Service Delivery Area Organization

The terms *PIC* and *SDA* are often used interchangeably to designate the local JTPA organization. They are different, however. In the simplest terms the PIC is the board itself and the SDA, as an administrative entity, is the administrative staff. The PIC makes policy, the SDA executes policy. The following explains how.

To ensure the responsible use of public monies, JTPA requires that a **grant recipient** and an **SDA administrative entity** be designated by the Private Industry Council in collaboration with local elected officials. The grant recipient is the fiscal agent for all funds flowing to the SDA and must be an incorporated body (public or private) with sound financial systems.

The SDA administrative entity may be the same organization as the grant recipient or another body. Usually they are the same. The SDA administrative entity (usually referred to simply as the SDA) is responsible for the administration of local JTPA programs and usually provides the staff for the PIC, though the PIC may choose to hire independent board staff. The administrative and fiscal functions are most often handled by units of local government, though in about a quarter of SDAs colleges, private nonprofit organizations, or incorporated PICs handle these functions.

In the latter case, Private Industry Councils may, with the agreement of local elected officials, incorporate as public corporations and assume the administrative and fiscal responsibilities for JTPA programs. In this case the PIC is still the board of directors and its staff is the SDA administrative entity. However, although about two-thirds of the 640 PICs are incorporated, most do *not* act as administrative entities or grant recipients.

## Private Industry Council Organization

Whether it is incorporated or not, the PIC is free to determine its own internal organization. The PIC decides whether to have committees and their number, the frequency of meetings, whether to have PIC retreats for strategic planning purposes, and other organizational issues. Most PICs meet 10 to 12 times a year and most have a committee structure. For new PIC members, a committee structure provides an opportunity to learn how the PIC functions and to actively participate in its decisions.

## Staffing

To carry out its responsibilities, the PIC most often depends upon SDA administrative staff. The SDA staff may include individuals whose full-time responsibility is to assist the PIC in its board functions in addition to those who administer JTPA programs. The SDA director reports directly to the PIC but may also be an employee of the local government or other organization. Thus, policy agreement between the PIC and the director's employer is essential to smooth functioning of the PIC/SDA operations.

## Funding

The PIC is free to solicit and accept funds from any public or private source to carry out its mandates within the service delivery area — either in its own name, if the PIC is incorporated, or through the SDA administrative entity, if it is not incorporated. While many PICs/SDAs have multiple sources of funding, the basic funding for JTPA programs comes by allocation determined by federal law and distributed by the governor in each state.

Except for special national programs and activities, all of the approximately \$4.3 billion in JTPA funds flow from the federal government to the states and from there to local areas. Core funding is authorized and allocated by formula to the SDAs under Title II of the Act. Some JTPA programs (e.g., the dislocated workers program) allow the state to distribute funds to organizations other than the SDA. On the other hand, some states have chosen to direct non-JTPA state or federal program funds through the SDA system.

## Employment and Training Services to Participants

Services to clients include such activities as recruitment, intake, eligibility determination, counseling and other supportive services, basic education, classroom technical instruction, on-the-job training, and job search assistance. These may be provided directly by SDA staff, by subcontractors, or through nonfinancial agreements with other organizations. Many SDAs provide at least some direct client services (most often recruitment, intake, and eligibility determination). In the vast majority of cases, basic education and vocational training are provided by subcontractors who may be either public or private agencies.

Careful coordination of programs funded under JTPA with those of other agencies can significantly increase the quality and quantity of services available in a given community. Part of the PIC's responsibility is to determine how this can be done most effectively.

## A Note on Partnerships

Once appointed, the PIC member will likely find the term *partnership* used frequently and often rather loosely. It should be remembered, however, that a partnership is an arrangement by which all parties both contribute and benefit. Otherwise the term is reduced to the level of platitude.

Private Industry Councils have the rights of full legal partners with local governments. This means that both parties must agree to specified major decisions regarding the organization and administration of the programs under their purview.

Successful PICs also find that, to be effective, it is necessary to form partnerships with a variety of public and private organizations. These partnerships may involve financial arrangements or may be nonfinancial agreements among agencies with similar or overlapping goals such as high schools or the Employment Service.

Finding the balance of interests among the parties in all these partnerships is the most challenging undertaking faced by Private Industry Councils. If PICs are unable to find this balance, their so-called partners will simply not play and, to the extent they don't, the PIC's policies, programs, and initiatives will be ineffective.

## **The Challenge**

In the final analysis, a PIC's challenge is to bring together key local decision makers to oversee and coordinate efforts to build a quality workforce capable of competing in the world economy. The test of whether PICs are meeting the challenge is the quality of placements of people in jobs; how many of those most in need of services get placed; how much they get paid; and their prospects for career development.

While the councils have direct responsibility for the expenditure of funds from the Job Training Partnership Act, they have the larger mission of using those resources to facilitate the efficient and effective use of a much broader base of local resources, including those available for the Employment Service, welfare job training programs, vocational and technical education, general education, and social services. In the day-to-day operations of the Private Industry Council it is often easy to forget the broader mission in favor of more immediate differences over the funding of special causes, micro-management of staff, turf wars among agencies, and all manner of other bureaucratic evils.

## Getting Started

For the new PIC member the workforce development system can be confusing. Here are some tips that may help the new PIC member get started.

1. **Study the economy.** Your value as a PIC member is greatly enhanced as your insight into your local economy and job market increases. Useful information is available from a variety of sources. The state Employment Service, for example, provides the raw facts: how many jobs there are in each industry, the kinds of jobs people hold, estimates of the size of the population and its characteristics, employment and unemployment figures, employment trends, and general wage levels.

Human resource managers — several of whom may be members of your PIC — are another valuable source of information. They can provide details on who is being hired, the trends in skill requirements, the skills they need and are unable to find.

2. **Meet the customers.** Any quality organization will be responsive to its customers' needs. The PICs' primary customers are program participants and employers. PIC members will want to develop a personal knowledge of these groups. Find opportunities to meet employers who hire program participants — and those that don't — to determine their needs and how well they are being met. Talk to program participants for the same reasons. Beware of organizational biases. If you are from a public agency, it may be difficult at first to appreciate the concerns of private employers, for instance.
3. **Find out about education and training.** You will need to know what institutions and organizations provide services in your community. Which schools, colleges, technical schools, community-based organizations, and other programs are involved in workforce development? What is their enrollment? How do they determine what to teach? What happens to their graduates? Talk with individuals at the institutions to find out their needs and concerns.
4. **Learn the law.** You are responsible for carrying out specific legislation (e.g., the Job Training Partnership Act). Do not depend on others to explain what's in it before you have read it. Read it, then ask what it means. Beware of being entrapped in red tape. Remember: That which is not forbidden is permitted.

5. **Get to know the staff and service providers.** The professionals who staff the SDA and the PIC are your best source of information on the daily operations and requirements of the programs they administer. Learn their needs, interests, and concerns. This can greatly reduce the likelihood of confusion and misunderstanding as you participate in PIC policy deliberations. Most PICs and SDAs contract for services. The SDA staff can also arrange for the PIC as a whole, its committees, or individual members to visit training sites to talk to the service providers about their concerns and interests.
6. **Study the performance numbers.** One of the primary responsibilities of the PIC is to provide program oversight. Employment and training programs keep very good records and provide excellent reports on the number of people served, the number placed in jobs, costs, etc. Learn to read these reports and talk to the staff and other PIC members about what you have read. When you visit service providers ask them about the data on their programs.
7. **Promote staff and PIC training.** It is not only the participants who need to learn. The quality of the PIC and its staff depends on how well and regularly they are trained. Support systematic orientation and training of both staff and PIC members.
8. **Use your networks.** You have been appointed to the PIC because you represent a larger group (employers, labor, education, etc.). Talk to your colleagues about the issues the PIC is facing. Get their views. Get them involved where appropriate.
9. **Practice patience and promote success.** The workforce development system is complex and not always rational. You will need to have patience at times to make the kind of changes you may think are obvious. On the other hand, the system is filled with dedicated, underpaid, and overworked professionals. Make sure they get the credit when they deserve it.
10. **Remember the taxpayer.** Effective job training is an investment with a return that can be measured for many years. However, poorly planned and administered programs are an expense which will undermine public confidence in job training programs. Make sure your community gets its money's worth.

## **Chapter Two**

# **The Big Picture: Workforce Investment and the American Economy**

**The Big Picture.** Imagine that you are on a mountaintop overlooking the entire service delivery area. Or rent an airplane and fly over the SDA from one end to the other. What do you see? Land, houses, schools, offices, factories, streets, railroads, highways, airports, cars and trucks, people. Look at the scene with the eye of one who is concerned about jobs and training. Who works in all those places and what do they do? Why are all those people on the streets and highways? Who doesn't have a job and why?

Think about it. What drives your local economy? Which companies do what? Why are those companies where they are rather than somewhere else? Whom do they hire? Why do they hire some people and not others? How did those people learn to do their jobs? What do the jobs pay and why? Who is supporting all those people who are not working?

Who does it take to keep the heating, lights, and telephones operating in those buildings? What are the skills needed to keep all those cars and trucks on the road? How does all that *stuff* get to the supermarket or the mall so conveniently for you to buy? Whom does it take to pay all those salaries? Your salary? Thousands of workers converge silently and invisibly on your life every day. These workers have jobs they have had to learn somewhere, somehow. Where? How?

It is unlikely that PIC members know the answers to all of these questions, but they are of concern. If the PIC is to direct and coordinate a workforce investment system, it will need to know what it is investing in. PIC members will need to know how their piece of the global economy works and where the opportunities and pitfalls are. This chapter will help PIC members take a fresh look at these questions.

## **The Economy and “Human Capital”**

It is a truism that the economy is complex. The following provides a much simplified overview of the economic basis for investment in education and training. Much of it will seem like common sense. But it has not always seemed so.



## **Machines, Money, and People**

The economy depends on the skills of all of the individuals in the workforce woven together into a culture of production and consumption. Unfortunately, the economy is often presented in ways that disguise this. It is easier to describe the economy in terms of statistics, buildings, machines, products on store shelves, and especially money. But the numbers and rates are only reflections of the decisions and actions of people. The machines and buildings are inanimate objects if you pull the people away from them. The products represent only a small part of overall economic activity compared to services.

As for money, we tend to forget that money is a human invention; an agreement as to the relative claim of each of us to the goods and services available; a measure and store of value dependent upon the ability and willingness of people to produce or provide. What we call money these days is usually an intangible blip on a computer somewhere; less than 10 percent is actual cash. Money works only because we all agree it works.

Certainly the economy would not function as it does without money or technology or products and services. The statistics measure real things. But the strength of the economy still rests on the skills, knowledge, and actions of those who work for a living, from carpenters and secretaries to executives and engineers. This view has not always been accepted by economists or the general public. Many still believe that money and technology have power independent of the people who produce and use them.

## **Human Capital Theory**

In the past economists treated labor as a fungible commodity where one worker was essentially interchangeable with any other. Employers in their own self-interest would always choose lower wages until wages approached the level of bare subsistence. (It was not without reason that economics was known as the “dismal science.”)

It was believed that employment and unemployment would rise and fall with changes in broad economic factors of supply and demand which in turn could only be affected by general monetary and fiscal policies, if that. Since economists assumed that most jobs were unskilled or semiskilled, people could move into jobs as the economy expanded and demand for labor increased.

But about 30 years ago economists began to realize that this theory didn't explain a number of things very well. For instance, as the economy approached full employment, a lot of people who wanted to work still couldn't find jobs. At the same time, places with low wages and surplus workers did not have an automatic advantage over those with higher wages in the competition for jobs even when the low-wage areas also had more abundant natural resources and other advantages. (As the noted economist John Kenneth Galbraith asked at the time: “Why is Denmark rich and West Virginia poor?”)

Things like transportation costs, the availability of investment funds, infrastructure (transportation, communications, etc.), and technology (better techniques and machines) had an impact on employment and wages but they did not explain most of the differences between poor and rich areas.

Over time it was recognized that the biggest factor affecting employment, wages, and overall prosperity was the level of skills, knowledge, and abilities of the workforce. The somewhat awkward term that economists use to describe this is “human capital” to distinguish it from investment capital (money) and capital equipment used to produce a final product.

It is now widely recognized that the places that have the best educated and trained workforce, and have the best systems of workforce investment, have a distinct advantage in terms of employment, wages, and general economic prosperity. The workforce is more productive and thus worth more.

Less developed countries, which are often rich in natural resources, are poor in large part because their people lack the education and skills needed to compete in the world market. Economically successful countries from Switzerland to Singapore, on the other hand, are often poor in natural resources but never lack for a skilled workforce.

This is not simply a matter of having more college graduates. Wealthy countries like Denmark and Japan have proportionately no more college graduates than does the U.S. What they have is more developed systems of educating, training, and retraining the mainstream of the workforce. Though each is different, all have a long-term agreement among employers, workers, educators, and government to ensure the development of a skilled workforce — a workforce investment system.

Conversely, individuals with low skills may not be able to find employment even in times of prosperity because the available jobs require skills they don't have. This unemployment, caused by a lack of education and skills, is a form of joblessness sometimes called “structural unemployment” to distinguish it from “cyclical unemployment,” caused by recessions, and short-term “frictional unemployment,” which occurs normally as people enter the workforce or change jobs. *Structural unemployment is the primary concern of the Private Industry Councils.*

It may seem obvious that illiterate and unskilled workers are far less capable of using the technology or sustaining a sophisticated, high-wage economy than are educated and skilled workers. But many still believe that technology (robots, computers, etc.) and the decisions of business executives and investors alone are the real keys to prosperity.

Certainly technology and entrepreneurial skill are important, but both are embedded in the overall skill levels of the workforce. It takes skilled and educated workers to develop, maintain, and operate technology. Entrepreneurial skill is part of the larger set of skills that make up human capital.

The importance of human capital became more apparent in the 1970s and 1980s when countries which had previously been quite poor (Korea, Taiwan, Singapore) began to develop quite rapidly. These nations had few natural resources and little in the way of a technological base. All made major investments in their education and training systems. Yes, they had low wages at the beginning which provided some advantage. But other low-wage, market-oriented countries stayed poor while these few moved ahead. It was the skills and abilities of their people that made a major difference in their development.

It has also come to be increasingly recognized that it is not just the elites of the workforce — engineers, scientists, entrepreneurs, or even the skilled crafts workers and technicians — that make a difference. As companies and nations around the world have demonstrated, the quality of the frontline workers (that is, those who directly produce products and provide services) are critical to the success of the whole.

This is all the more true as the technological and managerial revolution brought on by new applications of computers affects the way in which the whole enterprise works. The spread of Total Quality Management and the “reengineering” of the workplace calls for greater knowledge and skills by all workers. These changes have major implications for the work of the Private Industry Councils.

## **A Workforce Investment System**

Human capital does not happen by itself. It requires the active investment of many segments of society. The quality of the basic educational system at all levels is essential. But this must be supplemented by the efforts of employers, training agencies, parents, informed citizens, and, of course, the students and workers themselves. The development of human capital is a continuous, life-long process that goes on well after the completion of formal schooling.

In the United States, workforce investment has a long history as a diverse and uncoordinated enterprise. This country, unlike others, has tended to separate education from training and to value them differently. (Chapter Three will discuss this in more detail.) The Private Industry Councils can play a critical role in bringing the various threads of this system together at the local level.

## **A Full Range of Skills**

Human capital is often equated to years of schooling because schooling is easy to measure. But human capital is much broader and more subtle than that. Years of schooling is only a proxy for knowledge, skills, and abilities gained. It is often assumed that those who have more years of schooling have learned more than those with fewer years of schooling. It is also assumed they have learned more marketable knowledge and skills.

This is not necessarily so. Those with more years of schooling may not have learned the right things or may have just been “passed through” to allow them to graduate. Years of education also doesn't take into account the necessary knowledge and skills not usually taught in school or those best learned in the actual job setting. Thus, it is critical to identify the actual skills, knowledge, and abilities needed to effectively perform a job and determine the best environment in which they can be learned.

The value of developing clear standards of employee performance, and determining the requisite knowledge, skills, and abilities needed to achieve that performance, is fairly well demonstrated. Such standards signal to the prospective applicants what they need to be able to do to be successful in the job; they reduce costly turnover resulting from a poor match between new employees and their jobs; and they give clear guidance to education and training providers as to the content of their curriculum and standards of performance and achievement by which students should be judged.

The requirements of any given job include a general knowledge base, basic literacy and math skills, specific technical skills related to the occupation (which may include more advanced verbal and math skills), acceptable work habits, various social skills like politeness, teamwork and leadership skills, and the ability to continue learning. Some jobs require a high degree of initiative, creativity, or analytical powers. There are also an important set of general skills in knowing how to find and keep any job. Many of these skills are not taught, let alone learned, in schools or colleges.

Part of the rationale for creating the Private Industry Council system was the expectation that employers would be able to clearly define the skills needed in the labor market. As it turns out, doing so is not easy, for most employers do not have a very clear picture of exactly what it is that makes for an expert worker in any given job.

Both public and private employers generally use a combination of educational attainment, experience, and “feel” as criteria for hiring. None of these are actual measures of the skills or knowledge needed. And, as such, they often don't serve the employer or employee very well.

Employers are often quoted as saying that all they want in employees is “a good attitude and a willingness to work hard.” They don't mean it. What they mean is that attitude and enthusiasm for hard work are the things they notice are missing in many applicants. Those are two different things. It is unlikely that they, in fact, hire workers with those attributes but who are totally illiterate, can't count to 10, and know nothing about the specific job at hand.

There are a number of reasons that individual employers don't go to more trouble in defining their needs. Any one employer may not hire enough people in a given job to make it cost effective to take a systematic look at the skill requirements. Some employers are deliberately vague about qualifications because they believe this approach reduces the likelihood of discrimination against protected groups (women, minorities, the disabled). Others may be unaware of the cost implications of poor hiring decisions at their firm in terms of poor-quality work, high turnover, and inappropriate or inadequate training of employees once they are hired.

The PIC can provide a useful service by working with employers to determine the full set of skills needed for different jobs and by working with education and training organizations as well as employers to determine how resources can be brought to bear to prepare participants for those jobs. This may include the direct funding of programs using JTPA funds or it may involve working with schools, training institutions, and employers to improve existing systems.

## **The American Labor Market**

PIC members, who are attempting to improve the function of the labor market, need to have an understanding of how the labor market functions. Unfortunately, most of us have only the vaguest idea about how the labor market works or the specific meaning of the terms used.

### **A Turbulent Market**

The labor market is often portrayed as basically stable, with most people working while the poor and unemployed struggle at the margins. While this may be true at any one point, it disguises the almost chaotic turbulence in the labor market.

The labor market is, in fact, highly fluid, with people entering and leaving the market all the time. Every spring millions of high school and college graduates enter the labor pool. Each year millions of older workers retire. Every day some workers lose their jobs; others quit them to return to school or to take care of family members. Jobs are created as private employers' sales increase or taxpayers

demand new services from public employers.

The monthly unemployment rates never represent the same group of people twice even when the rate remains the same. Each month many unemployed find jobs while others lose theirs. The U.S. Bureau of Labor Statistics (BLS) finds that half of the unemployed remain so for less than three months; only about one in ten remains unemployed for more than a year. Many of the poor move out of poverty as others move in.

## The Costs of Unemployment

Even short spells of unemployment can be financially and emotionally devastating to the individuals and families involved. Most of us live more or less from paycheck to paycheck. And there are many people, caught in the backwaters away from the economic mainstream, who because they lack the skills to compete in the labor market remain chronically unemployed or underemployed. At the same time, employers delay hiring because they can't find the people with the skills they need even when many people are unemployed. Consequently, there are fewer goods and services available than there would be otherwise. There are fewer consumers and taxpayers. Everyone pays the price.

## The Workforce

Over the past 50 years economists have developed a set of definitions to facilitate the discussion and study of workforce issues. These definitions are precise and sometimes at odds with the general usage of the terms. Some terms are arbitrary and could just as easily be defined differently. But to allow measurement of an inherently fuzzy and ever-changing reality, these terms have been agreed to and refined over time.

The **labor force** is comprised of those age 16 and older who are working for pay or profit (the **employed**) or looking for such work (the **unemployed**). People not working and not looking for work are defined as being **out of the labor force**.

In 1993 there were about 260 million people in the United States. About 129 million were in the labor force; somewhat more than 120 million were working and, at any given time, about 9 million were looking for work but hadn't found it yet. *In other words, the half who are working for pay or profit support the other half who are not. That is one reason why it is important that everyone who needs and wants to work have every opportunity to do so.*

However, just because a majority are out of the labor force does not mean they *should* be working or looking for work. As a society we think it more important that children, at least until they are 16 years old, go to school rather than work full time. Similarly, although there is no upper age limit to labor force participation, over the last 50 years we have accepted the fact that anyone over the age of 65 or so should be able to retire. Most do.

Others not part of the labor force include students over the age of 16 who are not working or looking for work, full-time housewives whose work is useful but unpaid, the severely disabled who are not looking for work, and people in institutions like prisons and hospitals.

And then, of course, there are the idle rich and the idle poor — the one much envied and the other much vilified. Despite our often strong feelings about these groups, they make up a small percentage of the population. In fact, BLS estimates that of the 65 million people over age 16 who were reported as not in the labor force in June of 1993, 60 million were either retired, keeping house, going to school, or unable to work for health reasons. Many of the remaining were seasonal workers or others who usually work but were temporarily not working or looking for work.

It is important to note that individuals are out of the labor force either by *definition* (children, inmates) or by *choice* (all others not working for pay or profit and not looking for work). To enter the labor force, a noninstitutionalized adult who is not working simply starts looking for work.

This way of defining the workforce by individual intent has led some to believe that there is a huge pool of people who could be part of the labor force but who are too discouraged to even look for work. Each quarter, the Bureau of Labor Statistics measures those who are not working or looking for work but who *say* they would like to work. These **discouraged workers** amount to about one million people and if counted add about one percentage point to the overall unemployment rate.

## Unemployment and Poverty

While the PIC needs to keep this larger picture in mind, much of its focus will be on the low income and the unemployed. The JTPA system serves two different primary populations. The first are those who have low incomes, including all welfare recipients. They are usually also unemployed. The others are the dislocated workers; those who have permanently lost their jobs due to plant closings or layoffs and who do not need to meet any income criteria to become a program participant.

The latest Census Bureau numbers, for 1992, show that about 37 million Americans, or 13 percent of the population, are in **poverty** at any one time. That is, they have incomes below a federally defined income level for their size of family. A majority of these are either children (40 percent) or the retired elderly (10.9 percent) or are adults employed full time and year round in low-wage jobs. The remainder, about 15 million people, are technically eligible for JTPA programs and other income-based job training programs. (Some of these are students, persons with severe health problems, or others who are not in the labor force.)

The **unemployed** are those who are not working for pay *and* are looking for work. In 1993 nearly nine million Americans were unemployed at any one time; another million or so were not working and not looking for work because they did not believe work was available in their area. It should be noted that less than one-third of the unemployed were actually receiving unemployment insurance. (See “Getting to Know the Labor Market” on page 19.)

The unemployment estimates understate the number of people who experience unemployment in a given year since most people don't remain unemployed for an entire year. *In some years as much as a quarter of the workforce experiences unemployment at some time during the year.*

Among those counted as employed are those who are working part time for so-called economic reasons. While most people working part time (students, the semi-retired) prefer those hours, it is estimated that about a third of all part-time workers, over six million people, would prefer to be working full time but can't find such work. People in such jobs are often reduced to poverty because they cannot find full-time work. They make up a large part of the working poor.

The American culture is not very forgiving to the poor and unemployed. There is often an unspoken assumption that they are either responsible for their situation or that they can be employed only in the most menial of jobs. This perception is all the more true of welfare recipients. The PIC and its staff must constantly work to ensure that these beliefs, which are often unconsciously accepted by teachers, counselors, and employers, do not influence the treatment of participants.

In fact, most unemployed people find work as soon as they can (less than a year for 90 percent of the unemployed) and most welfare recipients remain on welfare for less than two years. The only generalization that can be made about the poor is that they have less money than other people. The only comment that can be safely made about the unemployed is that they are out of work. Both groups come in all sizes, shapes, colors, and levels of educational attainment.

This fact is often lost in the news media coverage of the subject. The BLS numbers show that most of the unemployed, for instance, are white. In May of 1993, for example, statistics showed that some 6.7 million of the 8.6 million unemployed people, 77 percent, were of European ancestry while just 1.8 million, or about 21 percent, were African-Americans. (The remainder were Hispanics, Asians, and other ethnic groups.) And while it is true that the unemployment *rates* for African-Americans were higher, the absolute numbers were much lower.

## **Differing Needs**

Differing groups within the unemployed population have differing employment and training needs and characteristics. The primary needs among the young, for instance, are to complete their education, to learn the skills and behaviors required in a work setting, and to become attached to the labor force.

For adult workers, experience in the labor market is a strength, but they may need to update their skills and figure out how to transfer skills learned in one occupation to another. Immigrants and native-born non-English speakers are obviously much more likely to need language services. Lack of transportation or outright discrimination may be barriers for others. A low level of basic educational attainment may affect any of these groups.

Before making policy judgments about the services to be rendered to participants, PIC members must become familiar with the actual needs and characteristics of the unemployed and low-income population in their area. It is equally important that PIC members not underestimate the potential of the disadvantaged to learn skilled jobs and to get stable, decent-paying employment.

## **Where the Jobs Are: I — Occupations**

People often tend to think of occupations as neatly defined categories. In reality, job titles and skill requirements overlap extensively. The Dictionary of Occupational Titles (DOT) lists over 11,000 distinct occupations among the 120 million jobs in the American economy. However, most of the DOT titles represent unskilled work, jobs that involve very few workers, or jobs which are very similar to other occupations so that the number of job titles does not give a very good picture of occupational demand for training purposes.

It is probably more nearly true that there are 600 or so distinct occupational categories or clusters, and even among these, most of the clusters require only minimal education and training or involve very few workers.



## Getting to Know the Labor Market

**Using the Numbers.** Many people believe that unemployment estimates are based only on the number of unemployment insurance claimants. They are not. For most purposes the estimates of employment and unemployment are derived from a monthly national survey of 60,000 carefully selected households (about 113,000 individuals) conducted by the federal Census Bureau for the U.S. Bureau of Labor Statistics and known as the Current Population Survey (CPS). (A normal political opinion poll, by contrast, surveys only about 3,500 people nationally.)

This survey provides estimates of employment and unemployment for the nation and the largest states. The CPS also forms the basis for estimates for smaller states and local areas, but in these cases additional local information is brought to bear by state Employment Service statisticians working under the direction of the U.S. Bureau of Labor Statistics. Except for rare instances and for very small areas or groups, these estimates are considered to be highly accurate.

The national results of the CPS and separate surveys of employers conducted to determine employment by industry and occupation are published by BLS in the monthly, 200-page report called *Employment and Earnings*. Most state and local estimates are available through the state Employment Service. The data is detailed by age, race, sex, occupation, wages, employment status, reasons for unemployment, and much more. Additional, though less timely, information on the population of your SDA is also available from the comprehensive census conducted every 10 years.

While all this data is admittedly dry and technical, it provides an excellent starting point and reality check for the PIC member interested in gaining a better understanding of the labor market. For instance, the most visible industry in your area may not be the largest employer. Only the data can tell you that.

**Talking to People.** As useful as the statistics are, there are limitations caused by the need to protect confidentiality of individuals and employers, by sample size in local areas, and by other problems. So it is useful to supplement the data with information you can provide from your own company and with conversations with other knowledgeable local employers and agencies. Presentations by representatives of such organizations at regular PIC meetings can also be quite useful.

*Banks, utilities, state Employment Service officials, and major employers often closely track economic activity and employment trends. Human resource managers can provide invaluable insights into occupational demand, skill requirements, shortages, and near-term hiring trends, which are unavailable from the statistics.*

In your discussions you may want, for instance, to focus on all jobs that require less than a four-year college degree, that pay above minimum wage, and that generally provide full-time, year-round employment. Training opportunities provided by employers after they hire may also be of interest.

It is important to look at the entire workforce and not to assume that certain jobs are beyond the reach of JTPA or other participants because of skill requirements. Many low-income adults, for instance, have experience and education which might make them good candidates for job training

for occupations well beyond the entry level.

A more fruitful approach in trying to get a general picture of job requirements is to look at the number of jobs by general skill requirement. *About 75 percent of all individual jobs are held by people with less than a college education.* And, contrary to popular opinion, jobs requiring a college education are growing only gradually. A Bureau of Labor Statistics estimate showed that only 16.5 percent of occupations in 1986 had a majority of workers with a four-year college degree and that number was projected to grow to only about 20 percent by the year 2000.

The jobs requiring less than a high school education, however, have been declining steadily for years. This is indicated by both the numbers of individuals with such jobs and the dramatic wage drops for those with less than a high school education.

*The area with the strongest job growth is in those occupations that require a solid high school education plus some postsecondary education or training.* The majority of jobs in technical, sales, clerical, repair and maintenance, and construction occupations fit this category. There are some surprises also. For instance, over half (56 percent) of all managers and executives have less than a college degree.

Each state Employment Service agency conducts a regular three-year survey of all jobs (one-third each year) in the state called the Occupational Employment Statistics (OES) survey. These surveys do not give much local detail but they do give a good picture of the occupational structure of individual industries. They provide a good starting point in looking at potential areas of workforce investment in the local area since occupational structure tends to be fairly consistent within an industry and there are good numbers on local employment by industry.

A more complete sense of the targets of opportunity in the service delivery area can be obtained through a careful sifting of the numbers supplemented by the knowledge of the workforce that each individual PIC member brings to the table and discussions with other industry leaders. A labor market may have some specialized jobs with strong demand that don't readily show up in the statistics but can be turned up through these other means.

## **Where the Jobs Are: II — Turnover**

Though it is often overlooked, the greatest source of jobs is the turnover of the existing workforce rather than the creation of net new jobs. People leave jobs to retire, return to school, take a promotion, move to a different city, and for any number of other reasons.

The vacancies created by such decisions are the prime source of placements of PIC program participants. This is true even during recessions and for companies that are not expanding their total employment. *Understanding the opportunities implicit in normal turnover is a key determinant of Private Industry Council success.*

There are many varieties of turnover. There is a whole set of “generational” jobs that serves the temporary needs of students (baby sitting, newspaper delivery, fast food service) and retirees supplementing their income (generally part-time service jobs). Other jobs turn over rapidly because they are undesirable in terms of pay, working conditions, and promotion opportunities. Neither of these kinds of high-turnover jobs offers many long-term opportunities for employment and training participants.

But turnover occurs in “good” jobs as well. These are jobs that pay a living wage, that provide training and promotional opportunities, and that are in generally stable or growing industries and occupations. They are full-time, year-round positions which do not require a four-year college education. *(A college education is of increasing value, however. Although nearly half — 45 percent — of all jobs that pay more than \$50,000 a year are held by people with less than a four-year degree, growth in real wages for those with no college education is lagging behind that of college-educated workers.)*

Identifying good jobs, the employers that have them, and the skills required to fill them are among primary strategic considerations of the PIC, the SDA staff, and service providers. Available labor market data can give an idea of where to begin looking for these positions. But identifying the actual jobs requires continuous close working relations with employer human resources staff so that when vacancies do occur, SDA and service provider staff hear of them and qualified participants are available to fill them.

An open job is one of the most fragile commodities in the economy; in most cases the employer has every incentive to fill the position as soon as possible. The agency that can quickly and consistently get the most qualified applicants to the employer will be the most successful in serving both its clients — employers and participants.

## **Training and Economic Development**

Education and training not only prepare people to fill existing jobs but also make it possible for employers to expand and create jobs where they would not have otherwise. Along with taking advantage of the opportunities provided by turnover, the creation of new jobs is of strategic concern to the PIC.

Even in the best of times, firms and agencies are shrinking or going out of business, and the lost jobs must be replaced if the economy is to remain healthy. In addition, general population growth requires the creation of net new employment. From the PIC perspective, overall economic development of the community creates general demand for workers at all levels, including those with the greatest immediate disadvantages in the labor market.

PICs can play an important part in working with local economic development efforts to ensure the creation of new jobs. This requires a broad understanding of the strengths and weaknesses of the local economy and labor force.

## **Job Creation**

Many factors influence an employer's decision to locate or expand employment in a given area. These factors include access to markets, transportation facilities, availability of land or buildings, and intangible “quality of life” concerns (e.g., climate, cultural facilities, schools for employees). But among the prime factors in any employer's decision to locate or expand employment in a community is the availability of a stable, well-trained workforce.

## Leveraging Economic Development

Not all economic growth is equal. The growth of some industries has benefits far more widespread than their own payroll. These might be called the “strategic” industries in any economic development plan. Economic activities (the operations of companies, government agencies, schools, hospitals, etc.) can be divided into two general types: **basic** activities which bring money into the area and **nonbasic** activities which circulate that money.

The most commonly cited basic industries are manufacturing, agriculture, and mining. They produce something tangible that is sold outside the region. Some part of the income from those sales is spent by the workers and owners in the community at the grocery store, dry cleaners, movies, and restaurants. These latter industries are nonbasic because their income is derived from those who work in the basic industries.

It is because manufacturing brings wealth into the community that it takes on such importance in discussion by economists. (Mining and agriculture are favored too, but are more dependent upon the natural resources of a locality than manufacturing.) But basic activities need not be so tangible. There are a lot of basic activities which are less tangible but just as wealth generating as manufacturing. Many types of services can be basic, for instance. Bank loans made from a financial center are basic. Tourism is basic. Airline maintenance facilities are basic. Regional shopping malls can be basic. If you have a large retirement community, all those retirement checks make the government a basic industry for your local area.

The jobs in nonbasic industries are just as good and sometimes pay better. (Lawyers and doctors generally provide nonbasic services.) It is just that they are derived from basic economic activity. Without the basic activity there would be no nonbasic activities. Thus, for PIC members interested in leveraging long-term job growth, it is important to determine which are basic industries and to give priority to them in providing education and training assistance.

The American consensus is that job creation is the primary preserve of the private market but that the government at all levels can take actions that facilitate the efficient operation of the market. To facilitate job creation, governments at various levels are asked to execute sound fiscal and monetary policies, to maintain public order, to ensure stable banking and financial market systems, to regulate monopoly, to build and maintain transportation systems, to develop and maintain certain public services (e.g., water and sewer).

But providing the education and training necessary to meet the requirements of an expanding labor market remains a key factor in the development of the economy. The primary asset of the Private Industry Council in assisting economic development is its ability to support the training of frontline workers. But this is only one piece of the overall economic development puzzle. To be effective, the PIC will need to work closely with many other organizations.

To ensure availability of all types of workers, including professional and technical workers as well as frontline workers, PIC members need to become active with general purpose economic development organizations and keep informed about all the other factors which affect economic development. They will also need to collaborate with community colleges, the Employment Service, universities, and various business organizations.

## **Avoiding the Migration Problem**

One concern that PIC members can bring to the table is that economic development actually benefit people currently living in the community. It is possible to have economic development without having any impact on the poor and unemployed in the community. This happens when the employment-generating activities simply create jobs for people moving into the labor market. This can be avoided only by the careful coordination of job training activities with individual firms and economic development agencies to ensure that SDA participants and other local workers receive the education and training necessary to fill the jobs as they are created.

## **Chapter Three**

# **Working Smarter: The Education and Training System in the United States**

## **Origins and Development**

Education and training can be considered complementary aspects of the learning enterprise. By nature, education is *general* and training *specific*. Education provides broad understanding of many subjects. It is long lasting and forms the basis for training. Training provides detailed understanding and ability to perform in a specific area. It doesn't last as long as education but it completes education. It has been said that education builds the sturdy knife, while training hones the cutting edge. It is generally understood that both are needed for success in the modern economy.

But in America, education is sacred; training is its somewhat less reputable cousin. Public beliefs and feelings about education and training have deep roots in American history. This chapter provides a general outline of the history of education and training in the U.S. for those who may be unfamiliar with various trends in American workforce preparation.

## **In the Beginning**

Education gained its place among American virtuous endeavors, not so much for its economic value, although that has become paramount in recent decades, but for religious and civic reasons. From the outset education was linked to religious and political freedom. In the jargon of today, it “empowered” people.

Many early European immigrants to this country — Puritans, Quakers, Presbyterians — were dissident Protestants for whom reading the Bible was a duty. From the start they formed community religious schools to educate their children. The growth of commerce and incipient democracy supported the desire that every child should be able to read, write, do simple arithmetic, and use common measurement systems.

The American Revolution spurred the drive to literacy. In a large country with poor transportation, communication at a distance took the form of the written word. The leaders of the Revolution, both men and women, were surprisingly literate for their time. For the first time in history a nation was founded upon documents — the Declaration of Independence, the Constitution, the *Federalist Papers*, Thomas Paine's *Common Sense*.

Broad participation in the new democracy demanded literacy. (One of the first pieces of legislation that the first Congress enacted in 1787 was the Northwest Ordinance, which rationalized the distribution of federal land west of the Appalachians and, in doing so, set aside land for local school buildings.) Newspapers and libraries sprang up to meet both the increasing demand for the written word and to

educate the public. Colleges became firmly established, at first as seminaries and then to provide more general education. Bible-based religious “awakenings” and revivals continued to supplement the desire for literacy.

## **Acculturation**

In the first half of the 19th century education became increasingly a means of incorporating new immigrants — Germans, Irish, Scotch — into the new American culture, a role that education continues to play to this day. In a backhanded tribute to the power of education, African-American slaves were forbidden the opportunity to learn to read and write.

## **Local Control of Education**

Although education was a national preoccupation, local control predominated from the beginning. Initially all schooling was supported locally and, for the most part, privately. As the public school movement gathered momentum, the states began to support education, though, as in Pennsylvania, public schools often began as “paupers” schools for those who couldn't afford private education. Since not many people wanted to admit they were paupers, states and localities soon expanded public elementary education to all children regardless of income.

Over time, elementary education became mandatory under state law. But funding remained almost exclusively local until well into the 20th century. Local control of education became embedded in the American culture in contrast to the centrally planned education systems that arose in Europe and elsewhere. (It is said that every child in a French school anywhere in the world on any given day opens the same text to the same page at the same hour as required by the French national government, a concept quite foreign to American education.)

## **Federal Encouragement**

With the exception of the Northwest Ordinance, education was not a major *federal* concern until the time of the Civil War. In 1862, Congress passed one of the most far-reaching pieces of legislation affecting education, the Land Grant, or Morrill, Act. At the time, the federal government had a surplus of land but little in the way of revenue. The Land Grant Act provided grants of federal land to the states on condition that the revenue from the sales and rental of the land be used to support education.

The Land Grant colleges in every state, originally agricultural colleges but eventually the basis of the state university system, are one result; but Land Grant funds were also to be used to support primary education. Provisions of the companion Homestead Act expanded the requirement that land be set aside for school buildings in every township where federal land was distributed. These laws did much to promote universal education, and the Morrill Act became the basis for far more extensive federal support for education.

## **Training**



Occupational training through much of the 19th century remained largely a family and employer responsibility in a country where the great mass of people worked on farms and businesses tended to be small family operations. Even formal apprenticeship, with its connotations of Old World class distinctions and indentured servitude, failed to take hold.

In a mobile, democratic society and rapidly expanding economy faced with continuous skill shortages, prolonged apprenticeship was overwhelmed by general education and the self-taught jack-of-all-trades. The apprentice printer Ben Franklin was the exception, the self-taught rail-splitter and lawyer Abe Lincoln the rule.

## **High Schools, Vocational Education, Apprenticeship**

It wasn't until the latter part of the 19th century that high schools became at all common. The few high schools that existed before that were almost all “preparatory” schools for the elite planning to go on to college. Even as late as 1910 only about 10 percent of all children even attended high school, and up until the Second World War many rural high schools remained two-year institutions.

The role of public education in acculturation became more pronounced with the massive immigration to the U.S. from eastern and southern Europe from the 1880s through the 1920s. Education became the ticket to the good life. With education, the sons and daughters of illiterate, non-English-speaking parents could move into the mainstream of American society.

Unfortunately, at this same time, educational opportunities were increasingly denied to most African-Americans as segregated and unequal education became institutionalized throughout the South. Despite this, private African-American educational institutions were widely established to provide opportunities denied elsewhere.

During the 1920s, immigration from Mexico became significant for the first time as many Mexican citizens fled the turmoil surrounding the Mexican revolution and were drawn to new economic opportunities in the newly booming economies of the U.S. West and Southwest. This immigration has continued steadily ever since, presenting unique challenges to the education and training systems in areas with large Mexican-American populations.

As the economy became more industrialized and skill requirements more demanding, vocational training began to take hold. Medical and legal training were formalized. Universities began to be organized as a collection of specialized schools following the German model. Vocational training institutes like the Tuskegee Institute established by George Washington Carver were organized.

In 1917, Congress passed the first Vocational Education Act to encourage preparation of students for the “trades.” Agriculture, home economics, and machine trades training predominated in such vocational training until well past the middle of this century. Until recently vocational education, especially at the high school level, retained this “low-tech” image.

Apprenticeship was revived at the beginning of the 20th century for the training of skilled craft workers and found ready acceptance among European, especially German, immigrants and the nascent American Federation of Labor. Wisconsin established a state apprenticeship system in 1915 but it wasn't until 1937 that Congress enacted the Fitzgerald (National Apprenticeship) Act.

## The Great Depression

The crisis of the Great Depression brought many programs to address unemployment but relatively little in the way of national education or training initiatives. Economic security and job creation were paramount. The Unemployment Insurance System and its sister program, the Employment Service, were created to reduce the economic hardship caused by unemployment and help unemployed workers find new jobs.

The Works Progress Administration (WPA) and other work programs created jobs in the public sector. Old-age benefits and welfare payments for orphans and widows with children were included in the Social Security Act to relieve the economic pressure on those for whom work was not considered appropriate. But aside from the Fitzgerald (National Apprenticeship) Act supporting the development of apprenticeship, no major legislation was passed affecting education or training during the depression.

## Development of Training Technique

At the beginning of the Second World War, the U.S. had the best *educated* workforce in the world. This provided the solid base for both the war effort and the economic expansion which followed. But the workforce was not very well *trained*, especially in the skills needed for the massive industrial buildup required by the war effort and the skills needed to operate and maintain complex new weapons.

Speed of learning was essential and the traditional multiyear apprenticeship approach and school-based instruction would not work. Both the military and civilian sectors developed effective new techniques such as Job Instruction Training (JIT) to rapidly train workers in the job setting. Unfortunately, once the war was over the civilian sector largely abandoned this approach to training in favor of hiring skilled returning veterans.

But during the Allied Occupation, the Japanese picked up JIT and other techniques (such as Total Quality Management, which depends on an intensively trained workforce) and have improved upon them since. At the same time, in Europe, many nations modernized their traditional apprenticeship programs and created national training programs for large segments of the population.

The U.S. armed services maintained and continued to refine its training regime as well, making major improvements in training techniques over the past several decades. The U.S. private sector is only now beginning to relearn the lesson of these innovators. Most in the public sector job training programs know very little about these or other modern training techniques.

## The Education Boom

By the end of the Second World War, elementary education had become nearly universal and about half of young people attended high school but fewer than 10 percent went on to college of any kind. This all changed dramatically after the war. Education was beginning to be seen as the ticket to economic prosperity and the middle-class life. The nation seemed to be operating on the theory that if some general schooling is good, an indefinite amount of education must be better.

The federal government began to play a major role in the support of education. The first “GI Bill” allowed millions of returning veterans to go to college. Other massive student grant and loan programs soon followed. Federal research grants poured into universities. College enrollment soared with rising prosperity and the arrival of the baby boom generation in the 1960s.

The states began to greatly expand support for education at all levels in the 1950s and 1960s as well. High school attendance became nearly universal and for the first time there was public concern about “dropouts.” In other words, it was now expected that everyone should complete high school, where previously there had been little stigma attached to leaving school before graduation.

School desegregation, mandated by the Supreme Court in 1954, but not implemented till well into the 1960s, radically altered the education system in much of the country. For the first time African-Americans were provided with many of the same opportunities that others had enjoyed all along. The black high school graduation rate rose steadily until now it is approximately the same as that of the general population. Black college enrollment increased as well.

A parallel effort to bring Hispanic and other minorities into the educational mainstream was begun in the 1960s, although Hispanic and Native American dropout rates to this day remain significantly higher than those of other groups. This partly can be attributed to the continued high levels of immigration among Hispanics and to the rural and cultural isolation of Native Americans and many Hispanics.

In these same decades new challenges to the education and training system were being posed by a massive upsurge of immigration from Mexico, Central America, the Caribbean, Asia, and Africa. By the early 1990s, the absolute numbers of new immigrants had attained a level not seen since before the First World War (though as a percentage of the total population this number was much smaller than the previous high point at the turn of the century).

The new immigration, in combination with the growing sophistication of the workplace, put new strains on the education and training system. This situation was aggravated by the increasing isolation of a large part of the population in the nation's major cities and in many rural areas as well as by a declining quality of education and training services to these areas.

As a result of this and the inability of the education system to keep up generally, many employers were forced to develop “workplace literacy” programs to bring their employees up to the level of basic skills required for the new workplace.

## **Community Colleges and Technical Education**

Few community colleges existed before the Second World War. After the war they proliferated, and now there are over 1,200 such institutions throughout the U.S. Initially formed as local “junior” colleges to prepare young people to attend four-year colleges elsewhere, community colleges increasingly began to offer technical degrees, short training courses, and general self-improvement classes for millions of Americans.

## **Origins of the Federal Employment and Training System**

By the early 1960s, two human resource issues came to the fore of public interest. The first was the concern that the new computers, and automation in general, would displace millions of workers. It was feared that existing workers would not have the skills to fill the new jobs being created. The second and more lasting concern was that some people, especially minorities, were being left behind in the generally rising tide of prosperity. More job training was believed to be a part of the solution.

Over the years vocational training had fallen on hard times. The pendulum had swung toward general education and away from specific occupational preparation. The apprenticeship system never did expand much beyond the skilled crafts and unionized labor. In many eyes, vocational education had become a place to put high school students who weren't "smart enough" to go on to college.

## **MDTA and the Great Society**

In 1962, Congress passed the first legislation to address concerns about dislocation caused by automation and the advent of computers. The Manpower Development and Training Act was originally set up to retrain these "dislocated" workers, but the booming economy of the 1960s absorbed most of those who lost jobs to automation and MDTA was soon redirected to those who lacked the skills needed to get a job in the first place — those left behind by the growing prosperity.

With the advent of President Lyndon Johnson's Great Society initiatives, MDTA was joined by a proliferation of other specialized employment and training programs, including the Neighborhood Youth Corps, the Job Corps, the Work Incentive (WIN) program for welfare recipients, and many others in the late 1960s and early 1970s. With the recession of 1969, federally funded "public service employment" (PSE) was established to provide jobs to the unemployed in public sector and private nonprofit agencies. At one point the U.S. Department of Labor was directly funding some 10,000 individual contracts under 15 different programs.

## **CETA**

By the early 1970s the proliferation of federal employment and training programs had become unmanageable by all accounts. In 1973, Congress passed the Comprehensive Employment and Training Act (CETA) to consolidate most federal employment and training programs and decentralize their administration to local governments, called "Prime Sponsors," who in turn contracted for services with local community organizations, training providers, and employers of public service employment participants.

Between 1974 and 1980, CETA was repeatedly amended and expanded. The public service employment component was greatly enlarged in response to the recession of 1975. By 1978, CETA was funded at the level of over \$12 billion, \$7 billion of which went to PSE. In 1978, Congress reauthorized CETA and made major changes. The most enduring was the Private Sector Initiative Program, which created the first Private Industry Councils with funding separate from the rest of CETA.

## **The Employment Service and "WIN"**

Two major federal employment-related programs remained independent of the CETA system. These were the state Employment Service and the welfare Work Incentive (WIN) program. The Employment Service — often called the Job Service — is a federal-state cooperative system funded through a federal payroll tax known as FUTA. There are over 1,700 local Employment Service offices throughout the country which provide job placement services to any individual seeking the services regardless of income or employment status.

WIN was established in the 1960s as a cooperative arrangement between the Job Service and state welfare agencies to train and place welfare recipients. During the 1970s it grew to become an \$800 million program. Funding for WIN was frozen during the 1980s and was replaced by the Job Opportunities and Basic Skills Program in 1988.

## **The Current Employment and Training System**

The elections of 1980 brought major changes to federal employment and training efforts. The new Reagan administration immediately eliminated funding for all public service employment programs. CETA was up for reauthorization in 1982 and the administration sought to completely overhaul what was left of the program. A compromise was reached and the new Job Training Partnership Act (JTPA) went into effect in 1983.

### **Partnership and PICs**

JTPA greatly enhanced the role of the Private Industry Councils. No longer were they to be only advisory councils for the operation of a small part of the overall federal employment and training program. Rather they were to be recreated as full legal partners with local elected officials in determining the policies and direction of local job training programs.

With over half of the PIC membership, including the chair, representing the private sector it was anticipated that training programs would be more responsive to local labor market needs and that there would be more of an emphasis on bottom-line performance than there was under CETA. The local Job Service offices, education agencies, vocational rehabilitation programs for the disabled, community-based organizations providing employment-related services, economic development agencies, organized labor, and welfare agencies made up the balance of PIC membership. The PICs were also expected to rise above the internecine warfare among local agencies to provide coordination and policy direction for local education and training activities.

PICs were authorized to incorporate as separate organizations and, with the concurrence of local officials, to receive and administer funds. Over the years, more than half of the PICs have incorporated. Most, however, have left the fiscal and administrative responsibilities to local government or quasi-government (e.g., Councils of Government) agencies.

### **Focus on Training**

As the name — Job Training Partnership Act — implies, the new law focused on job training rather than income transfer. The Act required that at least 70 percent of all funds at the local level be spent on training and no more than 15 percent be used for administrative costs. The remaining funds could be used for counseling and other “supportive” services. (**Note:** These proportions were changed somewhat by the 1992 amendments to JTPA. See Chapter Four for details.) No funds could be used for public service employment or to pay training stipends as had been the case under CETA.

The law restricted training services to two groups: the disadvantaged (i.e., low-income youth and adults), and dislocated workers (i.e., those who had been laid off from jobs to which they were unlikely to return). In the 1992 amendments to JTPA, this focus was somewhat sharpened by separating programs for disadvantaged youth from those for adults and placing more emphasis on out-of-school youth.

## **State Role Enhanced**

JTPA greatly increased the authority of the states, which had largely been bypassed under CETA. Under JTPA almost all funds are allocated to the governors who in turn distribute the funds to local service delivery areas which the governor designates. (For dislocated worker programs under Title III, the governor is free to designate service areas which may differ from those established under the basic arrangement, though most governors have chosen to use the SDA system for Title III.)

The states were given the responsibility for developing “performance standards” using federal guidelines. The states are required to monitor the performance of local SDAs and all reporting passes through the states.

## **Performance Standards Introduced**

JTPA places an emphasis on the stated goal of placing participants in permanent, unsubsidized employment. To do this it establishes “performance standards” for the placement, retention, wages, and other measures of program performance.

In order to avoid having the programs select only the most employable participants (known in the trade as “creaming”), an elaborate, statistically weighted model for the development of performance standards was devised. The model provides adjustments to local circumstances and to the type of participants the program chooses to serve, so that the standard for placement, for instance, for more employable participants (e.g., those with some college education) is higher than it is for the less employable (e.g., high school dropouts).

Despite the precautions implicit in the performance standards model, there has always been tension between those who advocate high performance and those who are afraid this will inevitably lead to “creaming.”

## **Coordination**

JTPA placed more emphasis on coordination among employment-related programs. The Employment

Service was not only given a seat on each PIC but also was required to work with the PIC to develop its annual local plan of services. The law called for greater coordination with vocational and general education, welfare employment programs, and a variety of other activities.

## **Dislocated Workers**

The massive layoffs and restructuring of basic industry which occurred during the 1982-84 recession led Congress to focus once more on the dislocated worker. The original JTPA legislation provided for services to dislocated workers, but in 1987 Congress passed the Economic Dislocation and Worker Adjustment Assistance Act (EDWAA). This legislation amended and strengthened the dislocated worker provisions of Title III of JTPA. The current Title III programs, as administered by the states and PICs, reflect these changes.

The new law allowed governors the flexibility in choosing Title III service providers in order to focus on those parts of the state where layoffs and plant closings are more severe. It also required the states to establish “rapid response” capabilities to deal with layoff crises. Funding for dislocated workers was considerably increased.

In 1993 the Clinton administration prepared further legislation related to dislocated workers in order to consolidate Title III and federal programs targeted to individuals laid off as a result of specific federal actions (e.g., defense downsizing, international trade agreements, environmental legislation).

## **1992 JTPA Amendments**

After 10 years in which the core JTPA programs remained largely unchanged, Congress passed a rewrite of the legislation in 1992. Although there were numerous minor changes, the major changes affecting SDAs largely related to creating a separate youth training program with an emphasis on out-of-school youth, raising the percentage of funds available for local administrative costs, and somewhat tightening eligibility requirements.

## **Welfare Reform and “JOBS”**

The first federal welfare program, Aid to Dependent Children (ADC, later AFDC or Aid to Families with Dependent Children), was established in 1935 to match state programs to provide cash payments to widows with children. Not until the 1960s did the issue of work and welfare become controversial, prompted by rising caseloads and changing attitudes toward women in the workplace.

As one study says:

*Society viewed widowed mothers, the initial beneficiaries, as deserving victims impoverished through no fault of their own, and contemporary mores held that a mother's proper role was child rearing and not paid work. But by the 1960s, societal attitudes and the characteristics of welfare mothers had changed. As mothers flocked into the labor market, the rationale for supporting jobless AFDC mothers was undermined. Second, divorce and out-of-wedlock births rather than widowhood became*

*the primary grounds for AFDC eligibility. In contrast to the sympathy aroused by widowhood, divorce was considered morally ambiguous and out-of-wedlock births connoted unequivocal immorality. (Levitan and Gallo)*

After more than 20 years of struggling with welfare reform proposals, Congress finally passed the Family Support Act of 1988, which included the Job Opportunities and Basic Skills (JOBS) program. The purpose of the legislation was to redirect welfare programs toward job training and placement and away from simple income maintenance. The program provides education, training, and support services to help welfare recipients obtain permanent, unsubsidized employment.

JOBS replaced the old Work Incentive (WIN) program for welfare recipients which was operated jointly by the state Employment Service system and state welfare departments. Funding for welfare job training, at a little over a billion dollars, increased from levels earlier in the decade but was still hardly more than a third of the WIN funding of the late 1970s. Fewer than 10 percent of all AFDC families are provided services under the program.

The JOBS legislation requires coordination with JTPA. Though the program is administered by the state welfare departments, many SDAs provide the employment and training services for welfare recipients required under this program. In addition to the JOBS participants, in most SDAs, welfare recipients make up more than half of all adult JTPA participants.

The Clinton administration has proposed further welfare reform legislation at the federal level to increase participation in welfare work and training activities. The Work and Responsibility Act would expand opportunities for high-quality education or training provided such opportunities would lead to reasonable job prospects within two years. After two years, participants will be required to seek a private sector job and if unsuccessful must accept a public sector job with wages paid for by the federal government.

## **Education Reform and the Economy**

After a long infatuation with education, by the 1980s the public was becoming disillusioned as costs were rising and student achievement was failing to keep pace with the needs of the economy. The beginning of the decade saw serious taxpayer revolts against the costs of education in the form of Proposition 13 in California and similar initiatives elsewhere aimed at controlling rising property taxes, which form the basis of funding for education almost everywhere.

In 1983 the Secretary of Education, Terrell Bell, released a report called “A Nation at Risk” which had a profound impact on education. Warning of a “rising tide of mediocrity” threatening to swamp the education system, the report called for major education reforms. The increasing skill demands of the workplace and a perceived devaluation of the high school diploma caused employers to raise their voices in concern as well.

These events set off a whole chain of efforts aimed at reforming and restructuring the kindergarten through high school education system. State after state passed legislation calling for more accountability for teachers and schools while at the same time increasing the state financial support for education. During the 1980s, for the first time state funding exceeded half of all support for primary and secondary education and the previous high levels of local control of education began to be seriously questioned.



Employers increased their involvement in the education enterprise dramatically over the decade. By one count there were fewer than 10,000 “business-education partnerships” at the beginning of the decade and more than 140,000 by the end. These partnerships took many forms, from the donation of equipment and staff time to major efforts at institutional reform exemplified by the citywide Boston Compact (sponsored by the Boston Private Industry Council) and similar efforts in cities around the nation.

## **The Workplace as a Learning Place**

Increasingly, employers and educators are also recognizing that many critical skills cannot be effectively taught in the classroom alone and need to be reinforced and enhanced in the job setting. This approach is widely used in other countries but has only recently begun to take hold in the U.S. Youth apprenticeship and other school-to-work approaches, “structured work-based learning” for experienced workers, “enhanced” on-the-job training, and other models are among those being tested.

## **School-to-Work Transition**

Although the education reform movement covered all phases of education, the transition from school to work was one area that received special attention at the end of the 1980s and into the 1990s. The American tradition of focusing on general education and holding occupational preparation for young people in low regard, had left the country without a school-to-work transition system. In this area the U.S. was failing to keep up with both the developed nations of Europe and Asia and many newly developing nations as well.

Despite the fact that 75 percent of all jobs do not require a four-year college education, high school education has for years focused primarily on college-bound students. While some non-college-bound students received top-quality vocational education, which actually prepared them for work after school, most were left to fend for themselves in low-standard “general curriculum” courses, which prepared them neither for college nor for employment upon graduation.

As a result, unemployment rates among recent high school graduates are triple that of adults. The average young person is left to drift through a series of unskilled and low-paid jobs punctuated by spells of unemployment until, if they are lucky, they become attached to the labor force. One recent study shows that the average young man, for instance, holds seven different jobs in the first 10 years after high school graduation and is unemployed 25 percent of that time.

Studies have also shown that the greatest concentration of good new jobs is not at either the unskilled or professional end of the job spectrum but in the skilled middle ground. These are jobs that require solid academic achievement plus some specialized education or training. But the average age of people preparing for these types of jobs is well into the mid-twenties. Community college technical and vocational programs, registered apprenticeship in the traditional crafts, and employer-sponsored training all reflect the delayed preparation for these jobs.

To address the needs in this area, a variety of programs to raise both academic standards and the skills of new workers have been developed over the past few years. These include Tech-Prep (short for

technical preparation), youth apprenticeship, youth academies, and a revitalized postsecondary cooperative education. These all link high academic achievement, high standards for technical training, and work-based learning. The School-to-Work Opportunities Act, signed into law in May of 1994 supports this general approach to school-to-work transition.

## **Work-based Learning: Corporate Education and Training**

Another area that has seen renewed vigor in recent years is the education and training of frontline workers by the nation's employers. Employers now spend \$45 billion to \$50 billion a year on formal training for their workers and there is a great deal of activity aimed at improving the quality of this education and training especially for the frontline workers (that is, those who directly produce products and provide services).

Since new entrants from schools make up only 1 to 2 percent of the workforce each year (80 percent of those who will be working in the year 2000 are already working) and the unemployed are also a relatively small portion of the total, the education and training of existing workers provides a prime opportunity for building the quality of the workforce.

The advent of the Total Quality Management movement, statistical process control, just-in-time inventory control, team management, worker empowerment, corporate "re-engineering" and other modern management techniques have led to a rethinking about who gets trained and how they learn. The example of overseas firms and domestic transplants has also led many firms to reconsider their approach to employee education. "Continuous life-long learning" has become the catch phrase among many employers.

This all has resulted in the development of "structured work-based learning" in which classroom instruction, computer-based training, and carefully structured on-the-job training are integrated and delivered based on a clear set of employee performance requirements.

## **State and Local Assistance for Employee Training**

Another area of growing activity in recent years has been state and local support for the training of existing employees for economic development purposes or to support the retention and expansion of existing firms. Most often directed toward the needs of small manufacturing firms, such training is frequently linked to technical and management assistance.

Community and technical colleges are primary providers of training in this area. These colleges are also major training suppliers for the JTPA system, although there has been, to date, little or no connection between their JTPA-funded training and their training of existing workers.

The federal government does have a program to provide technical assistance to small manufacturing firms interested in adopting the latest technology. This had led to discussion of providing assistance in identifying training needs and sources, although no proposal has been forthcoming to provide actual federal funds for employee training.

## **Putting It All Together**

The opportunities for Private Industry Councils to collaborate in all aspects of the ever-changing education and training field are perhaps better than they ever have been. Most observers believe it will take imagination, patience, and hard work to bring about any comprehensive workforce investment system in the U.S. or even in any given local area.

## ***Chapter Four***

# **Administering the Job Training Partnership**

Many of the responsibilities of the Private Industry Council (PIC) revolve around the setting of policies related to local Job Training Partnership Act (JTPA) programs. The Act establishes the PICs, provides core funding for PIC activities, and lays out specific duties for the PIC. It is the PIC member's responsibility to know the legislation and the administrative framework established by the Act.

This chapter, “Administering the Job Training Partnership,” reviews the administrative structure, funding, allowable activities, the delivery of services, contracting, and performance goals under JTPA. Coordination and collaboration between JTPA and other programs and agencies are covered here as well. As a whole, the chapter is meant to be an overview of key elements of the law and their impact on the Private Industry Council rather than a comprehensive study of the Act and all of its attendant regulations.

### **The Legislative Framework**

The Act itself is divided into seven “titles” which establish the legislative framework for all activities and programs under JTPA. Title I provides the administrative framework. Titles II and III authorize the basic state and local programs of concern to the PIC: job training for economically disadvantaged youth and adults and for dislocated workers respectively. Title IV authorizes national programs and activities. The other titles cover miscellaneous and technical provisions. (See page 36 for a fuller description of titles.)

### **Administrative Structure of JTPA**

As is the case with most U.S. domestic government programs, the JTPA legislation provides for a rather complex federal-state-local administrative structure. Each level of government, along with the PICs, has assigned roles and responsibilities for different aspects of the Act.

### **Federal Role**

The U.S. Congress and the president determine the basic programs, conditions, and funding of the Job Training Partnership Act. JTPA was originally enacted by Congress in 1982 and has been amended by congressional action several times, most recently in 1992. Each year Congress appropriates funds to the operations of JTPA to be spent beginning July 1 of the succeeding year. **(The Program Year runs from July 1 through June 30; this period serves as the fiscal year for all programs funded under JTPA.)**

Although the law provides the basic rules of the operation of JTPA, the U.S. Department of Labor (DOL), the federal department authorized to administer JTPA at the national level, develops regulations necessary to clarify and implement the legislation. The department is charged with determining the exact allotment of funds to the states authorized by the Act, providing technical assistance, program monitoring, audits, labor market information, research, demonstration, and other administrative and support activities.

## National Programs

The Department of Labor also directly administers a number of national employment and training programs authorized under Title IV of the Act. These are generally programs with national impact, or where there is a special federal interest, or programs in which participants cross state boundaries. They include the Job Corps as well as employment and training programs for Native Americans, migrant and seasonal farm workers, and veterans. These programs are operated locally through contractors or designated organizations (e.g., Indian tribes). In addition to these national programs, Title IV of JTPA authorizes the **National Commission for Employment Policy** (NCEP), which is responsible for examining broad issues of development, coordination, and administration of employment and training programs, and for advising the president and the Congress on national employment and training issues. The commission's 15 members are appointed by the president.

All of these national programs and activities accounted for about a quarter or \$1.1 billion of the \$4.3 billion in total JTPA funding in the 1993-1994 program year. But the Job Corps, at \$966 million, received the lion's share of this money, leaving only about \$135 million for all other national activities. Nearly 75 percent of the total, or \$3.2 billion, was distributed to the governors for use by states and PICs in programs under Titles II and III of the Act including federal discretionary funds reserved for the states under Title III. (See Table 1.)

## State Role

The states play a key intermediary role in the administration of JTPA. They establish the boundaries of the service delivery areas, allocate funds, establish program performance standards, develop a statewide coordination plan for employment and training activities, directly administer JTPA programs for older workers, vocational education, and dislocated workers, supply training and technical assistance to localities, ensure accountability in program and financial reporting, and conduct biennial audits of SDA/PIC expenditures of JTPA funds.

The governor delegates state JTPA administrative responsibilities to a **state administrative agency**, usually the state Department of Labor or Department of Employment Security. The governor is advised by a **State Job Training Coordinating Council**, which develops the state coordination plan, reviews SDA performance, and may make specific funding recommendations in areas of state discretion.

## State Set-Asides

The law provides state "set-asides" of funds to allow the states to carry out specific functions or

programs. Each state is allowed to retain 5 percent of all Title II funds it receives for **administrative** purposes. Another 5 percent of all Title II funds allotted to the state are set aside for **performance incentives and technical assistance** to the local programs, 8 percent for the **state vocational education system**, and 5 percent of *Title II adult funds only* for special **older worker** job training programs. The remaining 74 percent of Title II-A adult funds received by the state and 82 percent of Title C youth funds must be allocated to the service delivery areas by a stipulated formula.

**Forty percent of Title III funds are available to the state to carry out a variety of state-level dislocated worker-related activities**, including the funding of “rapid response” programs for plant closings and administrative costs. The remaining 60 percent of the funds received by the state must be allocated to local grant recipients (almost always the SDAs) by formula. Much of the state 40 percent is usually contracted or allocated to SDAs as well.

**Local Role**

The law provides that, at the local level, the PIC work in collaboration with the local elected officials. (See Chapter One for a description of the service delivery structure.) Together they are to use JTPA funds in coordination with other programs to provide services and help develop an effective workforce investment strategy targeted to disadvantaged and dislocated workers in their communities.

**Programs and Basic Eligibility**

The core JTPA programs that PICs oversee are funded under Titles II and III of the Act. These are:

- Title II-A **Adult Training Programs**, which provide for job training services to low-income persons over the age of 21;
- Title II-B **Summer Youth Employment and Training Programs**, which provide for summer jobs and remedial education services for low-income 14- to 21-year-olds;
- Title II-C **Youth Training Programs**, which provide for year-round job training services for low-income 14- to 21-year-olds; and
- Title III **Dislocated Workers Training Programs** for those of any age regardless of income who have lost jobs to which they are not expected to return.

<p><b>Table 1</b> <b>1995-1996</b> <b>JTPA Funding</b> (in millions)</p>
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<b>Title II Disadvantaged</b> A. Adults B. Summer Youth C. Year-Round Youth  Title II Total Funding	\$ 1,055 1,056 599  <b>\$ 2,709</b>
<b>Title III Dislocated Workers</b>	<b>\$ 1,296</b>
<b>Title IV National Programs</b> Job Corps All other  Title IV Total Funding	1,099 262  <b>\$ 1,361</b>
<b>JTPA Total Funding</b>	<b>\$ 5,367</b>

The PIC/SDA may also receive other JTPA funds, including older worker program funds for low-income adults over 55 years of age, special additional Title III grants for dislocated worker programs, vocational education (JTPA 8 percent funds), and performance incentive grants. Many SDAs also solicit and receive non-JTPA public or private funds which are not subject to JTPA regulations. All of these activities fall under the PIC's oversight.

Eligibility of individuals for training services under each program is quite specific and spelled out in the Act and regulations. This includes the exact definition of "low income," the requirement that Title II participants have other barriers to employment besides poverty (e.g., educational deficiencies), and residency requirements. The Act strongly encourages PICs to fund services to those with the greatest needs. *The SDA grant recipient is liable for funds spent on ineligible participants and may be required to reimburse the government for such funds.*

## Strategic Planning

Planning is one of the primary functions of the Private Industry Council. Every two years, in cooperation with the local elected officials, the PIC is required to develop and submit to the state a Job Training Plan outlining plans for the expenditure of funds under Title II for the coming two years. This plan is updated each year. No funds may be allocated to the SDA without submission of the PIC-approved plan. (Most states require a similar plan to be submitted by the SDA under Title III.)

This plan provides the PIC with the opportunity to look at the big picture every two years and to enter into agreements with other agencies to coordinate with the JTPA programs to help develop the local workforce investment system. Under the plan, the PIC is free to choose the mix of clients it proposes

to serve, the types of training and other services that will be made available, and the types of occupations and industries for which participants will be prepared.

## **Performance Standards**

JTPA is a performance-driven system. Except for summer jobs programs, the primary goal of all JTPA programs is to train and place participants in permanent, unsubsidized, year-round employment at a sustainable wage. Each PIC has considerable latitude in achieving this goal.

PICs may choose different mixes of services, may choose to serve client groups in different proportions depending on local conditions, and may determine which industries or occupations their clients are to be prepared to enter. In return for this flexibility in the *process*, the PICs are required to commit to certain *outcomes*.

The state, using a formula which takes into account various economic conditions and types of clients served in each SDA, establishes program performance standards. There are multiple standards, including standards for job placement rates, increases in earnings, retention rates, and reduction in welfare dependency. For youth, other positive outcomes (such as completing school, achieving specified employment competencies, or continuing training upon completion of high school) are used in addition to job placement and retention.

The PICs/SDAs are provided with both incentives and sanctions to meet the established performance standards. Financial incentives for achieving the standards are paid out of the state incentives and technical assistance funds (the so-called 5% funds). SDAs are provided technical assistance by the state in meeting the standards. If an SDA fails to meet performance standards for more than two years, the SDA may be subject to sanctions, including reorganization or the selection of an alternative SDA administrative entity.

## **Cost Limitations**

For most programs, the 1992 amendments to the Act limit administrative costs to 20 percent of an SDA's grant and requires that at least 50 percent of the funds be used for direct training services. The remaining funds may be used for such supportive services as counseling, transportation, and child care.

The administrative costs can be spent for planning, contracting, program monitoring, support for the PIC, and general management costs.

## **Employment and Training Services to Participants**

The Act allows a wide variety of services to be provided within the cost limitations mentioned above. These include intake, eligibility determination, testing, counseling, basic education services, English-as-a-Second-Language (ESL), classroom vocational instruction, on-the-job training, job search training, and placement assistance. The mix of these services will be determined by the needs of individual clients, labor market demand, and available resources within the community.



## **Coordination Among Programs and Agencies**

Every community has a broad array of services available for the education, training, and placement of individuals in jobs. These include the job placement services of local Employment Service offices, high schools, vocational education centers and programs, community and technical colleges, adult education programs, the Job Opportunities and Basic Skills (JOBS) program for welfare recipients, nonprofit community-based job training agencies, economic development agencies, and a variety of public and private social service agencies.

The challenge for the PIC is to determine the strengths of each of these agencies and programs and to judiciously use JTPA funds to leverage the highest quality of services to the greatest number of individuals.

## **Service Providers**

Although the PIC is free to direct SDA staff to provide any or all services without the use of contractors, most PICs find it cost-effective to subcontract a major part of the JTPA client services to outside service providers. Service providers may include both public and private organizations (for-profit and nonprofit) capable of providing any service necessary to achieve performance goals.

The legislation stipulates specific contracting rules and regulations to prevent conflicts of interest, fraud, and other abuses. The SDA staff is required to carefully monitor and evaluate the performance of all subcontractors to ensure compliance with the law and to maintain the level of performance required by the performance standards. In addition, the staff is required to provide the necessary training and technical assistance to subcontractor staff to facilitate quality performance.

## The JTPA Titles

As with most federal legislation, the text of the Job Training Partnership Act is divided into “titles,” “parts,” and “sections.” As a PIC member you will be expected to recognize “Title II-A” as the program for disadvantaged adults and “Title III” as the dislocated workers program. The following provides a thumbnail sketch of the titles and major parts of the Act.

**Title I** establishes the overall framework for the **administration** of all JTPA activities, including the creation of service delivery areas and PICs, as well as the delineation of federal, state, and local responsibilities under the Act.

**Title II** authorizes **job training services for the economically disadvantaged** and is a primary focus of PIC responsibility. **Part A** deals with Adult Training Programs, **Part B** with Summer Youth Employment and Training Programs, and **Part C** with year-round Youth Training Programs. Special state set-asides are provided for older workers and vocational education programs as well as for state administrative and technical assistance responsibilities. State Job Training Coordinating Councils are authorized under this title, as well.

**Title III** authorizes programs for **dislocated workers**. **Part A** deals with state and substate activities and **Part B** covers federal responsibilities and activities. SDAs usually are designated by the governor to be responsible for the administration of local Title III programs.

**Title IV** covers a wide range of **federally administered programs**, including those for Native Americans and farm workers, the Job Corps, Veterans Employment, and such specialized activities as research, the development of labor market information, and employment assistance for disaster relief. Title IV also authorizes the National Commission for Employment Policy.

**Title V** authorizes a special employment program for **welfare recipients** entitled Jobs for Employable Dependent Individuals Incentive Bonus Programs, or JEDI. Though authorized, the program has not been funded. The primary federal vehicle for employment and training assistance to welfare recipients is the Job Opportunities and Basic Skills Act (JOBS), which is authorized under the Family Support Act of 1988.

**Title VI** covers **miscellaneous subjects** largely relating to other legislation such as the Wagner Peyser Act (the Employment Service) and welfare provisions of the Social Security Act.

**Title VII** allows for, but does not require, the creation of **State Human Resource Investment Councils** to coordinate various federally funded workforce development programs.

## ***Chapter Five***

# **Becoming an Effective PIC Member**

It takes time, hard work, and a willingness to learn to become an effective PIC member. Each PIC and supporting SDA staff has its own personality shaped by the individuals who participate. And each PIC is responding to a unique economic and social environment and set of outside players with which it must interact. Both the local environment and the interests of players must be mastered if a new member is to have an impact on the workforce investment system.

Still, there are some general principles that apply to all PICs. For example, every PIC member must understand the “business” or role of the PIC as compared to that of the administrative staff. The PIC member needs to understand the local economy and labor market; be prepared to participate in the development of the PIC's mission, strategic plan, and annual priority setting; be willing to become familiar with the SDA's programs, service providers, participants, and employers; and be ready to develop good working relations with the staff.

## **The Business of the PIC**

The “business” of the Private Industry Council is separate and distinct from the “business” of the service delivery area administrative entity. The business of the PIC, as a board of directors, is to provide broad strategic direction, independent oversight of activities, and connections with key outside organizations, boards, and elected officials. The business of the SDA is to implement the policies of the PIC within the constraints of appropriate legislation and available resources.

PIC members are appointed for their special knowledge of affairs beyond the immediate experience of the staff — that is, their understanding of the economy, the education system, labor, social services, and the needs of employers and program participants. The PIC board provides the SDA with legitimacy, support, and access to other organizations. This separation of duties may sound perfectly reasonable. But it is difficult to keep straight. There is a tendency on the part of any board to overmanage the details, on the one hand, or to leave everything to the staff on the other.

Staff, in all good faith, will at various times encourage one or both of these tendencies. PIC members may be asked to review and decide on every little detail, and become buried in paper in the process. Or they may be asked to simply rubber stamp decisions that have already been made at the staff level. Finding the balance between these two approaches will likely be a constant challenge. One way to maintain this balance is to establish in the minds of both staff and members what it is that each does best and then structure the PIC meetings to allow this to happen. As indicated, the PIC needs to keep focused on understanding the local economy and labor market, establishing the mission of the SDA, strategic planning, determining annual funding priorities, maintaining oversight, advocacy and marketing, and coordination.

## **Reviewing the Big Picture**

PIC members bring a diverse understanding of the labor market — both supply and demand — to a single meeting place. This offers unique opportunities for the sharing of information and insights. Each meeting should devote at least some time to discussing the condition of the economy, the labor market, and the general state of the local education and training system. PIC members should ask that such discussion be put on the agenda and should be prepared to share the special knowledge about their industry or sector with fellow members at the meetings.

Unfortunately, too often such matters don't get discussed at PIC meetings because they are crowded out by reporting on *administrivia* and voting on matters that would be better left to the management. PIC members should also be careful to avoid talking about narrow “programs” during discussions of the big picture. Everyone likes to hear about the wonderful job that Mrs. Smith is doing with the disadvantaged kids at the local YMCA. Such discussion has its place but not in this context. Coming to consensus about the broad condition of the labor market and the economy will allow the PIC to meet its other responsibilities more successfully.

## **Defining the Mission**

There are many things an SDA *could* do. But to retain focus and effectiveness, the PIC needs to decide what it *should* do. In other words, the PIC needs to define the mission of the organization. This is accomplished through the development of a mission statement.

The mission statement is a formal, written declaration of the general purpose and ultimate goals of the organization. It provides the framework within which all work of the organization is conducted. It is usually short, not more than a page, but contains the essential elements of agreement about the nature and direction of the organization. The mission statement is usually revisited at least once a year to ensure that there is still agreement as to the broad direction of the organization.

The process of developing a mission statement is not as simple as it may seem. Too often PIC members and the staff assume that they know the mission of the organization without having discussed it and arrived at consensus on the matter. They may resist such discussion as unnecessary. But the fact is that lack of discussion to clarify the mission can cause profound misunderstandings. Without discussion individuals will often have different, but unspoken, ideas as to the mission. This can lead to much confusion and rancor in the PIC policy discussions.

Most PICs take time to discuss and develop the mission statement in a separate meeting, often at a location removed from the day-to-day distractions of the office.

## **Strategic Planning**

Once the mission is clear, the PIC needs to move on to strategic planning. This is called for in the JTPA legislation, but it should not be narrowly confined to laying out goals for JTPA activities. The strategic plan should flow from the mission statement and have clear and measurable goals with specified dates for their achievement over a multiyear period.

Strategic planning should lead not only to a general plan for the expenditure of known resources (such as JTPA funds) but also to the development of additional resources if these are called for by the

mission statement. In addition to providing guidelines for spending anticipated funding, the strategic plan should cover fund raising, the development of in-kind contributions from members and others, and nonfinancial agreements among agencies to cooperate in the provision of services.

As with development of the mission statement, strategic planning is often conducted in a retreat format, which allows time for brainstorming and the sifting of priorities until consensus is reached. Many PICs use an outside facilitator to guide the discussions and clarify the decisions.

## **Setting Annual Funding Priorities**

Even with a mission statement and a strategic plan, the PIC will still need to establish annual priorities for such activities as JTPA adult, youth, and dislocated worker programs. These priorities will flow from the mission and strategic plan but will necessarily vary from year to year based on changing funding levels, local economic conditions, and the performance of programs funded during the previous year.

PIC committees often develop recommendations for funding priorities in the different areas of PIC concern (youth, adults, education, etc.). These committees are usually the same groups that monitor the progress of programs in given areas during the year.

The priorities established should be clear enough to allow staff to develop a contracting process (e.g., requests for proposals) and to make recommendations for specific programs to be funded. The basic rule is that the clearer the priorities are up front, the less acrimony there will be when it comes to making specific funding decisions.

Many PICs devote only two meetings a year to funding decisions: one to agree upon recommended priorities and one to make final recommendations for funding. Any more than that tends to distract the PIC from its broader mission.

## **Oversight**

The PIC has a responsibility to be kept informed about the progress of programs during the year. It is the SDA staff's responsibility to conduct regular on-site monitoring of programs and to ensure that statistical reports are accurate and timely. It is also their responsibility to report their findings to the PIC.

However, too much information can often be worse than no information at all. A great deal of programmatic and financial data is required of each JTPA program, for instance. The raw reports may be more than can be absorbed by the average PIC member and lengthy oral reports can distract from the PIC's other business.

PIC members should insist that reports are kept short and simple. The numbers can usually be kept to one page as long as the definitions are clear. The formats can be determined by a subcommittee of the PIC to ensure that the information of greatest interest and importance is provided.

PICs should reserve some part of every meeting for oral reports on specific service provider programs

funded by the PIC. (This is the chance for Mrs. Smith to have her say about her program for the kids at the “Y.” But be careful, interesting presentations and good intentions do not necessarily translate into effective programs. Ask the hard questions.)

Many PICs rotate oral reports on different programs over several meetings, allowing greater time for understanding individual programs and reserving time in the meeting for other matters. Certainly, full statistical reports should be available to all PIC members, but for most members, the key information will suffice.

New PIC members may wish to take the time to accompany staff on one or more monitoring visits to service providers. (Check first to see if the PIC has a regular procedure for this so as not to overburden the service providers.) This will give the members a real feel for how the programs operate and a chance to meet the customers. It also will provide them the opportunity to study how the services are designed, how well the service provider staff is trained, and the general sequence of services from outreach and intake through training and placement.

Through talking to service provider staff, members can determine first-hand the providers resource needs, the difficulties they may face in coordinating services with other agencies and programs, their understanding of the general labor market, and other issues related to the quality of the services provided.

## **Hiring, Training, and Conflict of Interest**

The most direct service PIC members can provide is to encourage their companies and agencies to train and hire participants. It is expected that the organizations of both public and private sector PIC members will be involved in providing services to participants and hiring participants when they have completed training. For private sector members the training most often takes the form of on-the-job training (OJT) in which employers are reimbursed for extraordinary training costs up to half of the participant's wage while in training. Public and private nonprofit organizations represented on the PIC most often provide recruitment, intake, assessment, counseling, classroom instruction, and placement services.

While these activities by the organizations represented on the PIC are encouraged, PIC members must be careful to avoid any conflict of interest in which they would materially benefit from any decision in which they participate. By federal law, a PIC member may not “cast a vote on the provision of services by that member (or any organization which that member directly represents) or vote on any matter which would provide direct financial benefit to that member” (JTPA Section 141). Thus, PIC members must disclose — on the record — their interests and “recuse” (remove) themselves from any voting or influence regarding their organizations.

However, the law is clear as well that PIC members' organizations may receive funds. “Neither membership on the PIC nor the receipt of JTPA funds to provide training and related services shall be construed, by themselves, to violate” the Act or regulations (JTPA Regulations at section 627.420(c)(4)(ii)). For example, private employers represented on the PIC are eligible to receive OJT training contracts from the PIC and community organizations and education agencies, which are required to be represented on the PIC, are not disqualified from operating JTPA programs.

Of course, no PIC member may solicit or accept “gifts” of any value from contractors, subcontractors,

or potential contractors to avoid the “appearance of conflict” as well as actual conflict.

State and local regulations may vary in detail from the general principles stated in federal law, but not in substance. PICs are required to have a written policy on conflicts of interest to ensure that members are clear as to the rules. There is *never* any conflict of interest for any member whose organization simply hires participants or provides services to participants without reimbursement.

## **Promoting Coordination**

The success of coordination rests, first and last, on the personal relations and trust among key individuals in differing organizations. PIC members bring a special potential for linking various aspects of the workforce investment system because the key organizations in the workforce investment system — employers, economic development agencies, education, community organizations, organized labor, and welfare programs — are all represented on the PIC.

As long as the PIC develops a strong cohesion around its mission, the individual members can play a critical role in getting all of these organizations working in harmony to build a coordinated system out of disparate parts of education and training.

## **Public Relations and Marketing**

Reputation is all. Education and training programs are valuable insofar as they are understood and trusted by those who use the services. It is therefore critical to communicate the PIC's message and accomplishments to key constituencies, including employers, students, parents, trainees, or other agencies. If employers have misconceptions about the quality of program graduates, if students or trainees or parents doubt that participation will be worth the effort, or if other agencies question whether their participants will be well served by coordination with PIC-sponsored programs, all other efforts to build a quality SDA will fail.

Public relations and marketing are, therefore, key functions that PIC members are uniquely qualified to perform. This can take many forms, from informal discussion to a full-fledged marketing campaign. Materials are available to assist PIC members in making formal presentations about the PIC activities to business groups and others. Private sector members who have familiarity with public relations and marketing can be of particular assistance in this area.

## **Working with Staff**

The success of the PIC ultimately depends on the quality of the staff and its relations with the PIC members. Nevertheless, there are some natural points of tension between the part-time, volunteer board and the full-time, paid staff. This is all the more true if the SDA staff are not employees of the PIC but of a separate public or nonprofit agency.

SDA staff are hired because of their special skills and knowledge relating to the direct administration of employment and training programs. The staff provide technical expertise, day-to-day management, and a detailed understanding of legislative requirements. They may become frustrated with PIC

members who, by their nature, are less well informed about these matters.

There is also a natural inclination for staff to resist a broader role for the PIC and to limit the operations of the board. The broader role means more work for the staff and less control of events affecting their job. They have a point. Up to a point. It is the staff, after all, who will be held accountable for audit exceptions and it is they who will feel the heat from disgruntled, but politically powerful, potential contractors who did not get funded.

Still, the PIC has the duty to make key decisions and should not abdicate this responsibility simply to please staff. Rather, PIC members need to look to the legitimate needs of the staff and their functions.

Staff should be held accountable, but also need to be trusted to manage the programs and should not be second-guessed once PIC policy has been made clear.

The staff also need the tools and the training to do their job well. PIC members should make every effort to make sure they get these. A good rule of thumb is that staff, especially the frontline (direct service) staff, can never be overtrained.

The rules of any good organization apply to PIC/SDA staff relations: deal with the director; don't go around him or her to other staff; don't play staff politics; keep the director informed of any activity or discussions conducted on behalf of the PIC; don't contact clients or contractors without notifying the director; make sure the director has an annual performance review.

## **Getting to Know the Customers**

### **Understanding Participants**

The program participants are the primary customers of the PIC. Their success or failure is the PIC's success or failure. Nevertheless, most new PIC members feel somewhat uncomfortable dealing with program participants. There are often superficial cultural and social differences between the PIC member and the participants that disguise the participants' capabilities and potential.

This is exacerbated by the fact that participants often underestimate their own capabilities. For the young and others who have not participated in the mainstream economy, the prospect of doing so can often be daunting. Dislocated workers who have long held a job with a single employer, may believe they have no other marketable skills. Unfortunately, poorly trained staff can sometimes encourage these beliefs.

Certainly, many unemployed and low-income people have severe barriers to self-sufficiency and successful careers. But these are not insurmountable. It is important for PIC members to have a realistic understanding of what these are and not make judgments from afar. It is only with such understanding that PIC members can make effective policy decisions regarding services to participants.

To gain such understanding PIC members need to put themselves in the shoes of the participants, to think how hard it was to find their first job or even their last job, to think about the first day on their current job and all that they have learned since then. But mostly they need to meet a variety of participants; find out their stories, their needs and hopes. PIC members may wish to serve as “mentors” to participants in order to both help the participant through tight spots and gain insight into



the challenges faced by the participants.

## **Working with Employers**

Employers provide the other half of the PIC customer base. If employers are satisfied with the quality of education and training provided to participants, they will turn more often to PIC-sponsored programs for new employees. Successful programs get the best candidates to the employer the soonest. Outstanding programs anticipate employers' needs.

All employers — whether public or private — want the best candidates available at market wages. And, once they are ready to hire, they seek to fill the positions promptly. While these may seem obvious principles of hiring, they are often forgotten by employment and training programs. Some service providers seek to appeal solely to the employers' charitable instincts in placing low-income and unemployed participants rather than to the employers' need for qualified workers. This may work occasionally, but no organization that uses charity as a regular hiring criteria will long be in business.

Successful PICs have systems to determine specific requirements of jobs and the process by which these jobs are filled. This is not always easy. Developing such a system is a primary responsibility of the SDA staff and the service providers, but the PIC members, especially those in the private sector, have much insight to bring to the table. PIC members can also be useful in assisting staff and service providers in gathering the needed information from employers, unions, and current employees.

The best way to determine the job characteristics and hiring processes is to get to know the people who actually do the hiring at firms and agencies. These are most often the human resource managers or supervisors rather than senior executives.

A good place for PIC members to start learning how the employment process works is with their own companies or agencies. Most PIC members are themselves employers in either the public or private sector. Yet, unless they are human resource managers, it is unlikely that they know, in detail, how their companies recruit, hire, and train frontline workers. Finding this out can give valuable insights.

Members of the PIC who are human resource managers can be useful to their fellow members and to the staff by describing, in detail, the process and criteria they use in their own companies to select candidates for jobs.

With a knowledge of their own organizations' needs, and those of colleagues on the PIC, members will be prepared to approach other employers in the community to find out what jobs they regularly hire for, what the qualifications are for those jobs, and how the SDA service providers can best work with them to meet their needs and to try to correct deficiencies in current education and training programs.

In strategic industries, the PIC may want to research systematically the skills needed for key jobs that offer potential for participants. Carefully designed surveys, focus group discussions, and other techniques can greatly increase the PIC/SDA's knowledge of how to meet employers' needs in such industries.

PIC members can serve not only by gathering information from employers but also by providing them with information. As is the case with most people, employers probably have misperceptions about the potential of employment and training program participants. They may believe that just because

someone is on welfare, is unemployed, or is young that person will not make a good employee.

It serves no purpose to emphasize these characteristics — which, after all, are unrelated to competence — to employers. Most employers would think twice about hiring someone who was labeled “disadvantaged” but they almost certainly hire such individuals all the time. Rather, it is far better to share examples of successful programs and participants with employers and to promote the special services the SDA may have available to help them in their hiring and training of new employees.

## What You Can Bring to the Table

A PIC member is not a potted palm. You are supposed to do things. The Getting Started section on page 8 describes actions you can take at the beginning. The following are some things you can do as you go along.

1. **Take the floor.** You have special knowledge and understanding of your industry or agency that can be of great use to your fellow PIC members and the staff. Ask for time to make a formal presentation to describe your industry and its employment and training needs. Be concrete and factual.
2. **Network.** Use your friends, colleagues, and the organizations to which you belong to gather information about education, training, and the labor market needs of your community.
3. **Tell the PIC story.** Use your connections to promote the work of the PIC. Offer to speak, show videos, or arrange for others to do so at meetings of the business organizations and fraternal groups you belong to.
4. **Contribute services.** Many PIC members represent businesses that have technical expertise in such areas as marketing, printing, public relations, law, accounting, training, and management consulting that can be of great utility to the effectiveness of the PIC and the SDA. See if your organization would be willing to contribute its expertise to the PIC's effort.
5. **Raise funds.** Use your connections and expertise to help raise funds for PIC efforts from local corporations and foundations. (Many foundations restrict their giving to local communities.) You or your staff may also be helpful in preparing and producing proposals for public funding which the SDA staff does not have the resources or expertise to pursue.
6. **Hire and train.** Your business or agency employs people. It almost certainly hires people for jobs that require less than a four-year college degree. Link your human resources staff with schools, service providers, and placement agencies to ensure that your organization uses these resources. This will also give you a better feel for the quality of services being provided by PIC-sponsored programs. If you don't want to hire the participants, it is unlikely that other employers will either.

## **Conclusion**

The work of the PIC member is one of continuous growth and learning. It requires study, foresight, and a broad understanding of the local economy and labor markets. But it can be extremely rewarding when the PIC member sees program participants, employers, and neighbors benefit. It brings together those who work in the private economy and those work who for the public to serve the common good. It is an honorable calling.

## ***Appendix***

### **Acronyms and Acts**

As with any specialized field, the employment and training system has many unique terms, abbreviations (acronyms), and legal citations. The following supplies a quick guide to the most commonly used employment and training acronyms and legislative references.

**Carl** The Carl D. Perkins Vocational and Applied Technology Education Act **Perkins** of 1990. Authorizes federal vocational education programs.

**CBO** Community-based organization. Local nonprofit organization that provides employment and training services.

**EDWAA** Economic Dislocation and Worker Adjustment Assistance. Title III of the Job Training Partnership Act, which authorizes programs for *dislocated workers* (those who have been permanently laid off as a result of plant closings or other permanent reductions in an employer's workforce).

**ES** The Employment Service (also known as the Job Service). Authorized to provide local job placement and counseling services under the Wagner-Peyser Act.

**HRIC** Human Resource Investment Council. (Also *State* Human Resource Investment Council.) Authorized under the Job Training Partnership Act. Governor *may*, but is not required to, establish council to serve as the state advisory council to coordinate programs authorized under the federal Job Training Partnership Act, the Carl Perkins Act, Wagner-Peyser, the National and Community Service Act of 1990, the Adult Education Act, and the employment provisions of the Food Stamp Act. If established by the governor, this council may exercise the responsibilities of the State Job Training Coordinating Council and similar councils authorized under the other pieces of legislation.

**JOBS** Job Opportunities and Basic Skills program. Authorized under the Family Support Act to provide employment and training services for welfare recipients.

**JTPA** The Job Training Partnership Act. Authorizes job training services for the low-income unemployed and dislocated workers (those who have been permanently laid off as a result of plant closings or other permanent reductions in an employer's workforce).

**K-12** Kindergarten through 12th grade, also *elementary and secondary education*.

**LEO** Local elected official. (Also *chief* local elected official.) The JTPA designation for the local public partner with the Private Industry Council in the service delivery area.

**NAPIC** National Association of Private Industry Councils.

<b>NCEP</b>	National Commission for Employment Policy. A 15-member advisory council responsible for making broad policy recommendations to the president and the Congress on employment and training issues.
<b>NOICC</b>	National Occupational Information Coordinating Committee. (See SOICC.)
<b>OJT</b>	On-the-job training.
<b>PIC</b>	Private Industry Council.
<b>RFP</b>	Request for proposal. The document in the contracting process which lays out the requirements and conditions for bids from outside vendors and service providers.
<b>SCANS</b>	Secretary's Commission for Achieving Necessary Skills. A U.S. Department of Labor commission which researched and made recommendations regarding the skills required to participate in the modern economy. (Report available.)
<b>SDA</b>	Service delivery area. The geographic area (city, county, etc.) under the purview of the PIC and LEO in Job Training Partnership Act programs. <i>Also</i> , the JTPA administrative entity that serves the clients in this geographic area.
<b>SJTCC</b>	State Job Training Coordinating Council. Governor's advisory council established under the Job Training Partnership Act to oversee and coordinate job training efforts in each state.
<b>SOICC</b>	State Occupational Information Coordinating Committee. Federally supported group in each state which coordinates the development and dissemination of labor market information for agencies, students, and other users.
<b>SYEP</b>	Summer Youth Employment Program. Title II-C of the Job Training Partnership Act. Supports summer jobs and educational enrichment programs for low-income youth.
<b>TAA</b>	Trade Adjustment Assistance. Program established under federal trade legislation which provides income and training assistance to workers laid off as a result of international competition.
<b>TJTC</b>	Targeted Jobs Tax Credit. A provision of the Internal Revenue Code which provides tax credits to employers for hiring certain targeted groups (youth, disabled, etc.).
<b>Tech-Prep</b>	Technical Preparation. Program which combines the last two years of high school with community college occupational instruction. Supported under the Carl D. Perkins Vocational and Applied Technology Education Act of 1990.
<b>UI</b>	Unemployment insurance. Program funded through a combination of federal (Federal Unemployment Tax Act) and state unemployment taxes to supply income support for persons who have lost their jobs.

<b>Voc Ed</b>	Vocational education. High school and community college programs to educate students in occupations. Federal program is the Carl D. Perkins Vocational and Applied Technology Education Act of 1990.
<b>Wagner-Peyser</b>	The Wagner-Peyser Act of 1933. Established the Employment Service (ES) to provide job matching assistance to unemployed individuals no matter what the reason for unemployment or their previous income.





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